

THE CLINTON TESTIMONY

Herald Tribune

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UNADORNED, INTIMATE AND UNCOMFORTABLE

4-Hour Tape, Shown to World, Details Affair

By Brian Knowlton

International Herald Tribune

WASHINGTON — The world was given an extraordinarily direct and at times shocking look Monday at the four-hour videotape of President Bill Clinton's testimony in the grand-jury investigation of his sexual relationship with Monica Lewinsky.

"It's an embarrassing and personally painful thing," Mr. Clinton said in the tape, which was filmed Aug. 17 at the White House for viewing by grand jurors in a federal courthouse several blocks away.

He referred to Ms. Lewinsky as "a good girl," said he intended to be a friend and counselor to her and added: "I regret that what began

as friendship came to include this conduct."

The videotape was broadcast by every major U.S. network and several cable channels, with brief interruptions only when each taped segment came to an end.

Monica Lewinsky saw Clinton as a "little boy," her testimony shows. Page 9.

The tape provided Americans the longest, most intimate and unadorned look they have had at their president, and in many ways the most uncomfortable.

Mr. Clinton displayed anger at times, exasperation frequently and occasionally sarcasm. He danced around questions and used legalisms

— arguing over the meaning of the word "is," for example — and accuses prosecutors of asking "trick questions" and "trying to criminalize my private life."

There were few surprises in Mr. Clinton's testimony, the substance of which had been largely reported, and in some ways the tape appeared less gripping, and the president more composed, than earlier reports had suggested.

There was much to confirm the opinions of both the president's allies and his critics and to further strain many Americans' patience with Mr. Clinton, but also with Congress.

The dramatic release of the videotape and of thousands of pages of other evidence had no precedent in U.S. history. Transcripts of President Richard Nixon's White House discussions

of the Watergate cover-up added to the public pressure for impeachment hearings in 1974 and to his resignation, but few people have heard the tapes.

The other evidence made public on Monday included Ms. Lewinsky's own account to prosecutors and the grand jury, a map of the White House, a textual table chronicling Mr. Clinton and Ms. Lewinsky's encounters, which began in August 1995 with "eye contact" and "flirtation" and led to "physical intimacy" in November 1995. They ended with a meeting on Dec. 28, 1997.

The White House was quick to declare that the videotaped testimony, in which four prosecutors concentrated their questioning on sex-related questions and never raised the Whitewater real-

estate matter, the original focus of the investigation by the independent counsel Kenneth Starr, "does not rise to the level of an impeachable offense."

Michael McCurry, the White House spokesman, condemned the House Judiciary Committee for "the wholesale release of these materials, most of which are irrelevant."

Some Republicans, however, insisted that the tape contained clear evidence that Mr. Clinton had perjured himself, possibly in the first four words of a statement he made, when in reference to his relationship with Ms. Lewinsky he said, "When we were alone...."

He said in his deposition Jan. 17 in the Paula

See CLINTON, Page 9

Japan's Leader Spreads Blame For Bank Crisis

Obuchi Says Others Failed To Deal With Problems; Rescue Plan Seems to Fray

By David E. Sanger

New York Times Service

NEW YORK — Prime Minister Keizo Obuchi of Japan blamed his predecessor, Japan's powerful Finance Ministry and the heads of the country's huge financial institutions Monday for failing to deal with the crippling banking crisis and economic downturn that is worsening the world's economic turmoil.

Nonetheless, in an hourlong interview as he prepared to address the United Nations, Mr. Obuchi acknowledged that the agreement he reached late last week with opposition leaders had deliberately left vague many of the key details about how the government would deal with bank debts of nearly \$1 trillion.

World stock markets slide on fears Japan's recession may deepen. Tokyo officials fault U.S. for blocking Asian bailout. Page 13.

As he spoke, that accord appeared to be coming apart in Tokyo, sending the Japanese stock market to its lowest levels since 1986 and raising doubts about what kind of commitment to action Mr. Obuchi would be able to make to President Bill Clinton when the two leaders met for the first time at the Rockefeller family estate in Tarrytown, New York, on Tuesday.

His comments also came as the International Monetary Fund, in a rare direct criticism of Japan, said in a report made public Monday that the main risk to the world economy now was that Japan "will not move promptly and resolutely to address its financial-sector problems while ensuring adequate domestic demand."

"Speed is becoming increasingly critical," the Fund's annual report concluded.

Mr. Obuchi said that "the Japanese people in general still lack the awareness" of how the country's economic troubles are affecting the rest of the world. But he insisted that "we have now made a major shift in economic policy."

"Now we feel that we should have learned the lessons of the United States 10 years ago, when the U.S. went through a boom and a bust and the collapse of the savings-and-loan institutions," Mr. Obuchi said.

He acknowledged, however, that he had relatively little power to force the country's recalcitrant Parliament to pass the kinds of laws needed to pump tens or hundreds of billions of dollars into the failing banks.

And in a rare comment for a Japanese leader who is a product of the ruling party's machine

See JAPAN, Page 16

A Day of Contrasts: Under Oath, and at the UN



President Bill Clinton being sworn in before his Aug. 17 videotaped testimony, shown Monday as he went to New York for a policy speech at the United Nations.



By Paul B. Hallinan/Reuters

As Tape Rolls, Focus Turns to Spin Control

Compiled by Our Staff From Dispatches

NEW YORK — The White House said Monday that President Bill Clinton's videotaped testimony in the Monica Lewinsky affair showed that his conduct "does not rise to the level of an impeachable offense," but the president's critics responded that the tape showed a "classic case of perjury."

In a statement, the White House press secretary, Michael McCurry, condemned the process that led to the release of Mr. Clinton's grand jury testimony, given Aug. 17, and added, "Now that the president's testimony has

been made available for all to see and hear, the real question for the American people and for the Congress of the United States is whether the president's conduct — however it may be judged — should result in the president's impeachment.

"That the president's conduct does not rise to the level of an impeachable offense should now be clear to everyone," he said.

But Representative Bob Barr of Georgia, a conservative Republican who has long called for the impeachment of Mr. Clinton, said it was a "sad day for America."

"For the first time in our history," Mr. Barr said, "the American people could see 'the sorry spectacle of their president committing a felony on videotape.'

"After viewing this videotape, no reasonable person could conclude that the president did not knowingly lie to the grand jury and to the court in the underlying lawsuit," Mr. Barr added, referring to Paula Jones' sexual-misconduct suit against the president, which was dismissed. "This is a classic case of perjury."

See VIDEO, Page 9

Clinton Receives a Rousing Welcome at UN

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — President Bill Clinton told world leaders Monday that the fight against terrorism was "at the top of the U.S. agenda," and he proposed steps for better international cooperation to prevent and punish terrorist attacks.

Mr. Clinton received a warm, standing ovation with rhythmic applause as he entered the General Assembly Hall, a sign of the sympathy foreign delegates felt for him on this day.

Diplomats reflect the views of commentators around the world who have expressed shock in recent days that the United States was putting itself, and the president, through the Monica Lewinsky ordeal.

"It is sad, really sad," an envoy said.

Mr. Clinton paused at the start of his speech to thank the General Assembly for "your very kind and generous welcome."

But at the end of his address, the applause was more polite and less enthusiastic.

Mr. Clinton did not advance American policy against terrorism in any new directions,

nor did he deal with rising criticisms from a number of countries on the bombing of targets in Sudan and Afghanistan on Aug. 20, which the United States linked to Osama bin Laden, a Saudi-born supporter of Islamic militancy.

In a speech that was generally flat and listless, an unsmiling Mr. Clinton nevertheless struck a theme shared by a number of other speakers at a session surrounded by unusually high security around the United Nations.

His audience knew that if he appeared pre-

See UN, Page 4

NATO Credibility a Casualty in Kosovo

By Jane Perlez

New York Times Service

BELGRADE — NATO indecision about whether to act against a three-month-old military offensive in Kosovo by President Slobodan Milosevic of Yugoslavia has severely threatened the

credibility of the alliance and almost ensured a winter-long human catastrophe, according to Western diplomats.

In the last week, the shelling and torching of villages by Mr. Milosevic's forces, coupled with the apparent electoral victory of a Serbian ultra-nationalist in Bosnia, have put Washington's policy of dealing with Mr. Milosevic to its biggest test since the 1995 Dayton peace agreement, the diplomats said.

"Furious" allies could cost U.S. its UN vote over arrears. Page 3.

"We have got to regain the initiative," said an influential NATO diplomat, adding that the alliance had severely underestimated the will and strength of the Serbs at the start of the summer and allowed them to roll on unchallenged. NATO overestimated the strength of the Kosovo Liberation Army — ethnic Albanian rebels fighting for Kosovo's independence — and had quaked at the

thought of acting as the "KLA's air force," the diplomat continued.

On Monday, Washington's envoy on Kosovo, Christopher Hill, was meeting Mr. Milosevic. A flurry of discussion about Kosovo is expected in New York this week at the United Nations General Assembly and in Portugal at a meeting of NATO defense ministers.

The NATO diplomat believed that the alliance had given Mr. Milosevic comfort by failing to live up to repeated threats of using its air power.

Serbian forces, now heading into their third month of an offensive against ethnic Albanian rebels, attacked about a dozen villages around Podujevo, some 30 kilometers (20 miles) north of the Kosovo capital, Pristina, last week, forcing some 10,000 civilians to flee, a spokesman for the UN High Commissioner for Refugees said.

UN officials allowed the area on Sunday found a health clinic run by an



Florence Griffith-Joyner in 1988.

AGENDA

Florence Griffith-Joyner Is Dead at 38

Florence Griffith-Joyner, 38, the triple gold medalist at the 1988 Seoul Olympics whose meteoric speed captivated the world, died Monday of an apparent heart seizure in Mission Viejo, California.

At her death, Griffith-Joyner, known to track and field fans worldwide as "Flo-Jo," continued to hold the records for the women's 100- and 200-meter dashes 10 years after she set them. Page 22.

Ripken Streak Ends

Cal Ripken of the Baltimore Orioles did not play baseball Sunday for the first time in 2,632 games. Page 22.

No 66th for McGwire

An umpire ruled that fans interfered with a long drive by the slugger. Page 22.

The Dollar

New York	Monday @ 4 P.M.	previous close
DM	1.6902	1.685
Yen	134.47	132.63
FF	5.8075	5.6845
Pound	1.681	1.682

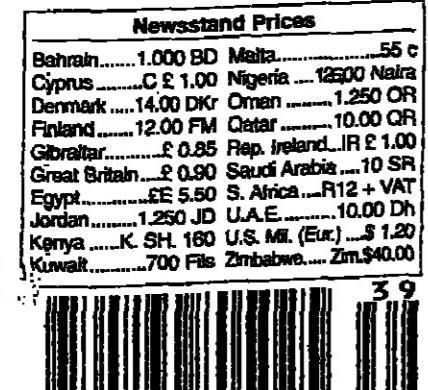
The Dow

Monday close	percent change
+37.59	+0.48%

S & P 500

+3.80	1,023.89	+0.37%
+16.68	1,680.43	+1.00%

The IHT on-line www.iht.com



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Oil Spill Off the Delta / Clamor for Compensation**Nigeria's Poor Pin All Hopes on Mobil**By Roger Cohen
New York Times Service

EKET, Nigeria — Denny Sansom of Mobil Oil has the ocean behind him, 7 million restive Nigerians of the Niger River delta in front of him, huge reserves of oil beneath him and hundreds of thousands of angry complaints against his corporation threatening to sink him.

The trouble began on Jan. 12, he recalled. Mr. Sansom, Texan, who is Mobil's operations manager, walked into a staff meeting and was told that despite full production at Mobil's 57 offshore wells, oil was not reaching shore. "Shut it down!" he bellowed. "Shut everything!"

The order came too late. A 24-inch (60-centimeter) underwater pipeline from Mobil's Idaho production platform 3.5 miles (5.5 kilometers) offshore had snapped. Flying 26 miles out over the Atlantic in a helicopter that afternoon, Mr. Sansom saw 26 miles of oil. "The slick was moving like a giant ship," he said.

Along the Nigerian coast, the spilled oil has now become a subject of vehement dispute, a catalyst for pent-up claims fed by poverty and state neglect. In few places on earth do the West's richest corporations and millions of the world's poorest people rub shoulders with such intensity or such potentially explosive consequences as in the Niger delta, the fifth-largest source of America's imported fuel.

"Things are very turbulent," said Ernest Ukocho, a community leader in the villages surrounding Mobil's operations at Eket. "We are trying to maintain calm, but there has been some rioting. The fact is, everyone wants a piece of the Mobil cake."

The oil—40,000 barrels of it, or roughly one-sixth of the giant Exxon Valdez spill in Alaska—drifted west, thus avoiding nearby Cameroonian waters to the east and an international fiasco. The fiercely secretive former Nigerian regime of General Sani Abacha, who died in June, also helped keep the Mobil spill largely out of the news.

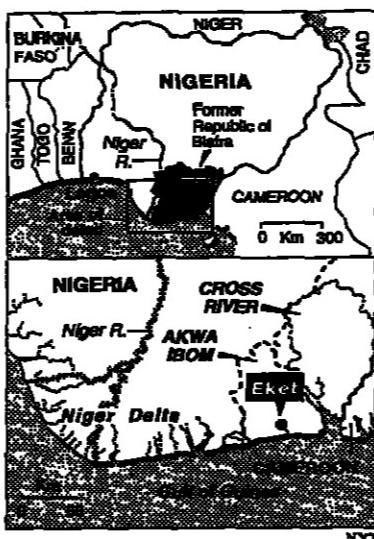
But in the Niger delta everyone quickly knew of it. Mr. Sansom has been held hostage, repeatedly rebuked and now spends 70 percent of his time on "community issues"—essentially trying to stop resentment from turning to rioting.

As Nigeria approaches a delicate transition from military rule to democracy, the delta's long-festering problems pose the threat of widespread violence. In the wetlands, the world's largest mangrove swamp, unrest seems close to boiling over, with sabotage against pipelines becoming routine and intermittent acts of violence.

The spill—dwarfing those caused by sabotage—made Mr. Sansom's position doubly difficult. Scientific evidence shows that environmental damage was slight. But for people long subjected to the stunted development apparently willed on the delta by Nigerian military governments, that spilled oil was a bonanza beckoning.

"I understand these people," Mr. Sansom said. "They're poor. So they think we're all Howard Hughes. One Saturday morning alone, I had \$4.5 billion in claims—that's 45 percent of the total oil revenue of the country."

Since oil was discovered here 42 years ago by Royal Dutch/Shell, enormous wealth has been taken from the area by Mobil, Chevron, Shell, Texaco and other Western companies, and by Nigeria's generals, who have ruled for 28 of the last 32 years. But, as a result of apparently gross



Denny Sansom, Mobil's operations manager, says he spends 70 percent of his time on "community issues"—essentially trying to stop anger from turning to riots. But Thomas Ebini, chief of Itare, above right, says that resentment is strong among his villagers. He acknowledges Mobil has given some aid to the village, but believes it should do more.

neglect by the military government that takes the bulk of the oil revenue, life for the people living in the wetlands has scarcely improved.

When the Nigerian writer Ken Saro-Wiwa had the temerity to point this out, demanding compensation on the grounds that the entire region, and his Ogoni people, remained poor, Nigeria's generals hanged him in 1995.

The protest was a flimsy charge of involvement in a murder, upheld by a kangaroo court of military officers. The real issue was—and remains—where and how the more than \$10 billion Nigeria receives annually from oil is invested.

President Bill Clinton and other Western leaders expressed indignation at Mr. Saro-Wiwa's execution, although not enough to impose oil sanctions on Nigeria, where U.S. investment totals \$7 billion. Three years later, the 7 million delta people still appear mired in a paralyzing web. Among them are Ibo and several large minority ethnic groups; the Ogoni form a small minority of about 500,000.

General Abdulsalam Abubakar, General Abacha's successor, has indicated that he wants reform. He made a conciliatory gesture this month in releasing several Ogoni prisoners.

In the absence of state investment—Nigerian authorities have built no schools for several years—Mobil has effectively become the local government here, the object of all claims, all hope of jobs, money or investment, all aspirations for electricity, hospitals or running water—and all resentments.

To travel the Eket region—an area of about 100 square miles (260 square kilometers) that might reasonably be renamed Mobiland—is to encounter a fantastic array of complaints leveled at the U.S. company: gutters not deep enough; roads and clinics promised but not built; oil-polluted sea waters now allegedly emptied of

fish all the way to Cameroon; zinc roofs rusting because of the flares, even doors and walls vibrating from earth tremors allegedly caused by Mobil's activities.

More than 60 percent of the revenue from Mobil's joint venture goes to the government.

In one sense the oil companies are unfairly criticized: the government takes over 70 percent of Nigeria's oil revenue and could clearly have invested more of it in the delta. But Western companies effectively acquiesced in the region's impoverishment so long as they could pump oil and get their money out: their push for "community development" in recent years may have come too late.

TO WESTERN oil interests, generally synonymous with Western political interests, stability has been of paramount importance in Nigeria: The country's oil is ecologically desirable to America because it is unusually sulfur-free and strategically desirable because it represents diversification from Middle Eastern sources. That stability has been preserved at gunpoint.

As a result of interethnic tensions, and memories of Biafra's secession in 1967, the generals who have governed Nigeria have sought to keep the delta area poor on the basis that a region with oil and development might be tempted to go it alone again. The then-Republic of Biafra comprised much of the oil-pricing region; its independence was quashed in a three-year war.

The oil companies, meanwhile, have long taken the view that their obligations are met by paying taxes and royalties to the authorities. Oil production, not regional development, has been their role.

Although this approach is now changing, the delta still bears heavy scars. Potholed roads,

rundown schools and isolated villages without running water dot an area that produces over 90 percent of Nigeria's hard-currency earnings.

Mobil, which produces about a third of Nigeria's total oil output in a joint venture with the state-owned Nigerian National Petroleum Co., moved fast as the oil seeped into the ocean.

Enormous interests were at stake: Mobil has more than \$2.5 billion invested in Nigeria; the Ubit offshore platform, pumping 250,000 barrels a day, is the company's largest single production unit.

With disaster looming, weather and currents smiled on Mobil. For a long time the bulk of the oil remained offshore, where warm winds and the light nature of Nigerian crude favored evaporation. "Between Mother Nature and Mobil's highly effective and targeted response," said David Page, a U.S. oil-spill expert, "the shoreline was spared what could have been a very serious environmental event."

But thousands of claims have been pouring in to the U.S. company from Akwa Ibom state, home to Mobil, from Delta state, from Cross River, from Bajeisa, from Lagos.

The village of Itare, a collection of mud-and-thatch homes, lies in the midst of the mangrove swamp about 10 miles from Mobil's Eket base. Mobil has built a school here and tried to develop a cashew-nut farm.

But resentment is strong, especially since the spill. Thomas Ebini, the village chief, acknowledged that Mobil had built his house and the school and started the farm. But why was the village without electricity? And where was the running water that Mobil should provide?

In all, the spill of about \$600,000 worth of oil may cost the company about \$40 million—\$10 million in cleanup and \$30 million to settle the claims.

TRAVEL UPDATE**Breather for French Cities**

PARIS (Reuters) — French pedestrians will enjoy a brief respite over motorists on Tuesday as 35 cities ban cars from central districts in a daylong experiment the government hopes will extend to other European Union countries.

Paris and several major cities suffering from worsening pollution are risking the wrath of motorists to give citizens a breath of fresh air.

Motorbikes, emergency services, doctors, taxis and electricity-powered cars will be exempt from the ban. Motorists are being en-

couraged to use public transportation, and authorities in some towns will provide bicycles free of charge. Rouen, Nantes, Tours, Strasbourg and Grenoble are taking part. But some of the biggest cities, like Lyon and Marseille, have declined.

Strike Call at Paris Airport

PARIS (Reuters) — Unions fearing job cuts at Orly airport here have called a 24-hour strike on Thursday over plans to transfer long-haul flights to the capital's other airport, Charles de Gaulle. An airport spokeswoman said Monday that flight delays were likely but that she did not expect cancellations.

The strike call was made to ground staff at both airports, totalling 7,500 members.

Munich policemen said Monday they had tightened security at the Oktoberfest beer festival after the arrest of an associate of the suspected terrorist Osama bin Laden in the Munich area. In Bonn, the Interior Ministry said it was advising security authorities across the country to be extra vigilant.

Too Much Cheating? EU May Scrap Exam Results

Agence France-Presse

BRUSSELS — The results of a European Commission entry exam taken by 30,000 candidates last week may have to be scrapped after complaints of poor organization and cheating on an extraordinary scale, the European Union executive admitted Monday.

The exam was given at 38 centers in the 15 EU countries. It was the first

stage in a selection procedure from which only a tiny fraction of the 30,000 candidates will end up with a job.

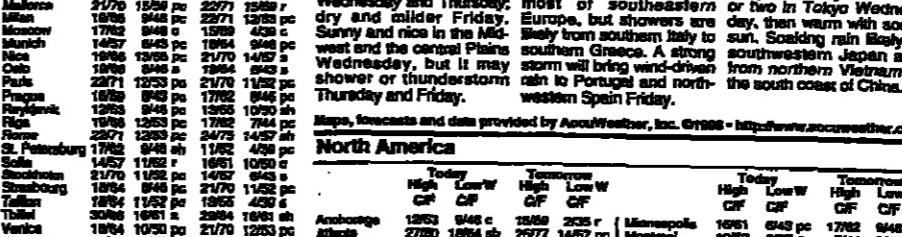
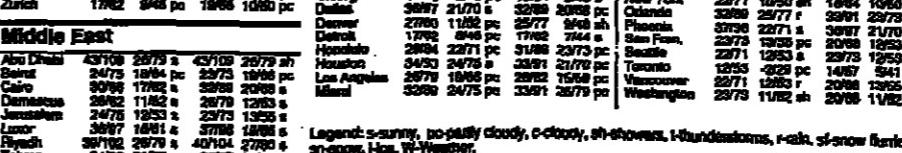
In Rome, candidates allegedly used mobile phones to get the answers to the multiple-choice questions. In Brussels, candidates were reported to have made illicit calls from the toilets while others were alleged to have been provided with an advance list of the questions.

WEATHER**Europe**

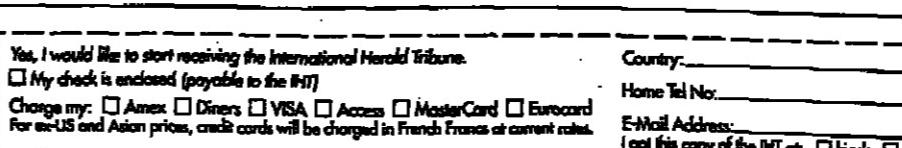
Forecast for Wednesday through Friday, as provided by AccuWeather.

**North America**

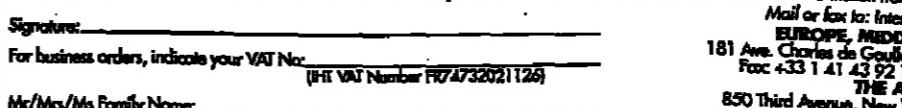
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**Middle East****Asia**

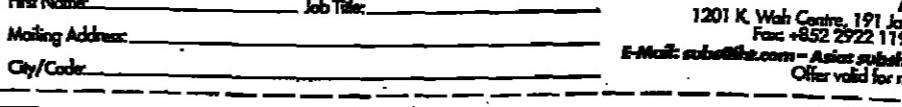
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**Latin America**

Forecast for Wednesday through Friday, as provided by AccuWeather.

**Oceania**

Forecast for Wednesday through Friday, as provided by AccuWeather.

**DEATH NOTICE**

Ms. Gisèle Galante, his daughter, Mr. and Mrs. Gérard Bonz, his cousins and the entire family announce with sorrow the death of

Mr. Pierre GALANTE
Officer of the "Légion d'honneur",
journalist, writer
and former general
secretary at Paris Match,

who passed away
on September 20th, 1998.

The funeral service will take place
on Wednesday,
September 23rd 1998
at 11:00 am, in Saint Pierre church,
90 avenue du Radeau,
Neuilly sur Seine.

According to his wishes, his ashes will be dispersed in the bay of Nice.
No flowers or wreaths.

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Swissair
Opens Deba
On Reduced
Plane Crew

THE AMERICAS

Hurricane Aims At Puerto Rico

Antigua Takes 'Real Pounding'

The Associated Press

ST. JOHN'S, Antigua — A hurricane designated Georges barreled into the northeastern Caribbean with 110 mph winds Monday, flooding roads, toppling trees and utility lines and forcing thousands from their homes.

More than 10,000 people sought shelter in schools and public buildings in the U.S. Virgin Islands and Puerto Rico, where the storm was expected later in the day.

Both U.S. territories declared states of emergency and activated National Guard troops.

"This hurricane has the characteristics of being the strongest that we have confronted in Puerto Rico in decades," warned Puerto Rico's governor, Pedro Rossello.

The hurricane's strength had diminished considerably from 150 mph and a Category 4 rating on Sunday. But the U.S. National Hurricane Center warned that the storm was still "extremely dangerous."

Its winds howling, the hurricane downed trees and utility lines, ripped wooden and galvanized roofs from homes, then pelleted sheets of rain into homes in Antigua and St. Kitts and Nevis.

There were no immediate reports of injuries.

"The storm really messed us up real bad," said Norman Thomas, manager of ABS radio in Antigua, where 5,700 people spent the night in shelters. "We got a pounding, a real pounding."

Winds gusted above 90 mph in St. Martin. Waves crested over the city pier in Frederiksted, St. Croix.

In St. Kitts and its sister island of Nevis, residents ventured out briefly to survey storm damage and check on neighbors when the hurricane's eye passed overhead before dawn.

They hurried back inside as the rear wall of the hurricane's eye struck with a vengeance.

On the French island of Guadeloupe, raging seas flooded roads in the northern town of Anse-Bertrand and Campeche and forced residents living near the beach to head inland.

Swirling winds knocked out power in several Guadeloupe towns.

In Antigua, families huddled in basements and shop owners erected sandbag barricades against flooding.

In St. John's, Antigua's capital, civil defense workers distributed flashlights, mosquito coils, water and toilet paper to nervous shelter residents.

Residents in Puerto Rico and the U.S. Virgin Islands boarded up windows and jammed markets to stock up on ice, water and canned food.

The governor of the U.S. Virgin Islands, Roy Schneider, imposed an 8 P.M. curfew and asked President Bill Clinton to declare a federal state of emergency.

Advance teams from the U.S. Federal Emergency Management Agency, the FBI and the American Red Cross arrived in the Virgin Islands and Puerto Rico to coordinate disaster response.

In Puerto Rico, officials banned liquor sales and ordered officials to open more than 330 shelters. Banks and schools were closed Monday, major airlines canceled flights and ferry service was suspended.

More than 1,000 people left their homes for shelters in San Juan, Arecibo, Mayaguez and other cities.

Meanwhile, the ninth named storm of the Atlantic hurricane season, designated Tropical Storm Ivan, formed late Sunday in the Eastern Atlantic, 580 miles west of the Cape Verde Islands.

Forecasters said it may spend its entire life over open water.



Carlos Garcia spray-painting an open for business sign on a hotel window boarded up in San Juan, Puerto Rico, in preparation for a hurricane expected to hit the island and the U.S. Virgin Islands late on Monday.

Strongman 'Rescuer' for Venezuela?

Colonel Jailed in Coup Attempt Seeking to Win Power by Ballot

By Serge F. Kovaleski
Washington Post Service

CARACAS — When Lieutenant Colonel Hugo Chavez was arrested in February 1992, after leading an unsuccessful coup, the reegade paratrooper proclaimed that — although his attempt at "rescuing" Venezuela's masses from corruption and mismanagement had fallen short — "There will be some other occasion."

That juncture may be now, but this time Mr. Chavez is relying on ballots rather than bullets in his effort to take control of the Presidential Palace.

After serving two years in prison, the man known as El Comandante has burst onto the political scene, squandering the riches.

Chavez has a message of revenge," he added, "and he is the only candidate who has truly articulated a sense of disgust with what Venezuela has become. His message is, 'They have stolen your money, and we are going to punish them and change things.'"

Mr. Chavez's popularity has been bolstered by the current economic upheaval.

Polls give Mr. Chavez 47 percent of the vote, compared with 23 percent for his closest challenger, a Yale-educated economist, Henrique Salas Romer, 62, former governor of Carabobo state.

In third place is former Miss Universe, Irene Saez, 36, ex-mayor of the upscale Chacao district of Caracas, with 10 percent of the vote.

Mr. Chavez, who has surrounded himself with advisers from both ends of the political spectrum, has said he would seek a moratorium on foreign debt payments, roll back investment in the oil industry and revise privatization contracts.

He would also nationalize land, keep core industries under state control and replace Congress with a constituent assembly.

The specter of a Chavez presidency and his apparent aversion to free-market policies, coupled with Venezuela's precarious economic condition, has caused investor flight and braked domestic investment.

POLITICAL NOTES

Minorities and Single Women Trailing in Cabinet Affluence

WASHINGTON — In one respect at least, President Bill Clinton's current cabinet does look a lot like America, which is what he promised before he took office in 1993: The cabinet secretaries who are the least well-off financially tend to be minorities and single women.

Transportation Secretary Rodney Slater and Labor Secretary Alexis Herman, who are black, Energy Secretary Bill Richardson, who is Hispanic, and Attorney General Janet Reno, who has not been married, are among those with the least in terms of financial assets and income other than their government salaries. This is according to the most recent financial disclosure statements that cabinet members are required to complete annually.

In contrast, among the secretaries who head the 14 "statutory" cabinet departments, there are at least six with assets of \$1 million or more, and all but one of them — Secretary of State Madeleine Albright — are white men.

Because the disclosure statements list assets and income in broad ranges of value, it is impossible to determine exactly how much each cabinet member is worth. The disclosures also do not include the value of personal possessions or primary residences. But based on the ranges of assets reported, it is clear that Mr. Richardson, Mr. Slater and Ms. Reno are at the bottom of the Cabinet Wealth Index.

Mr. Richardson was ambassador to the United Nations and lived in New York in 1997, the period covered by the most recent disclosure statements. He listed among his assets a home in Washington valued between \$500,000 and \$1 million.

But since he has returned to Washington to take over at the Energy Department, that is now Mr. Richardson's primary residence. Not counting the Washington home, his only other assets are rental property in New Mexico worth between \$250,000 and \$500,000 and \$15,000 to \$50,000 in checking and savings accounts.

Mr. Slater reported that his assets ranged from \$167,000 to \$380,000, but most of this can be attributed to his wife. His largest holdings — two pieces of rental property in Little Rock, Arkansas, valued at between \$50,000 and \$100,000 each — are owned by his wife.

Ms. Reno, a career government prosecutor in Florida before she became attorney general, put her assets at \$184,000 to \$510,000 and revealed herself to be a decidedly conservative investor. Most of her holdings consisted of cash in bank and credit union accounts and in a government-backed mortgage fund.

Like Mr. Richardson, Ms. Reno reported that she owns no stocks or stock mutual funds, but she will be eligible to receive retirement benefits of about \$4,038 a month from the State of Florida Deferred Compensation Plan at age 62, which she will reach in July 2000.

Remember Johnny Chung?

WASHINGTON — Johnny Chung, a Democratic fund-raiser, set up fake businesses in California with at least half a dozen Chinese executives to make it easier for them to get U.S. visas according to testimony and records compiled by House Republican investigators.

Mr. Chung brought most of the executives, who included the offspring of two retired Chinese generals, to fund-raisers for the Clinton-Gore 1996 re-election effort. Irene Wu, Mr. Chung's top assistant from 1995 to 1997, said in a deposition to the House Government Reform and Oversight Committee that "all of these companies" were set up to facilitate travel to the United States by the Chinese business officials and eventually help them establish permanent residency.

The companies engaged in no real business activity. Ms. Wu said in her deposition July 28.

U.S. Could Lose Its UN Vote

Washington Owes \$1.5 Billion, and 'Allies Are Furious'

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — In the annals of American relations with the United Nations, supporters and critics of the organization broadly agree, there has never been a more dismal moment than this.

When President Bill Clinton spoke here on Monday, he faced an organization that is likely to strip the United States of its General Assembly vote by the end of this year for nonpayment of dues. Washington owes the organization more than \$1.5 billion.

Mr. Clinton, the political heir to Presidents Franklin Roosevelt and Harry Truman, who fought to create a strong United Nations and give it Washington's firm bipartisan support, is now viewed by many diplomats and officials here as too weak or unwilling to battle a hostile Congress to preserve that pivotal American role.

And the United States is now without a chief representative to the organization since the departure of Bill Richardson and the shelving of Richard Holbrooke's appointment as his successor.

The organization's largest contributor is now Japan, which kept its dues payments up to date despite a recession. What is helping keep the United Nations afloat, barely, is that the Japanese, Europeans and some developing countries have not been reimbursed for providing peacekeeping troops, allowing the money to be applied instead to the operating budget.

"People are furious — our allies are furious," said Alvin Adams, a former ambassador who is president of the UN Association of the United States, an advocacy and research organization with chapters around the country.

Mr. Adams's organization, known as UNA-USA, recently announced poll results showing that a growing percentage of Americans approve of the United Nations and want the United States to pay its overdue assessments, without conditions. Eighty percent of those polled opposed linking the payments to anti-abortion restrictions on international family planning groups, as Congress has done.

In the UNA-USA survey, conducted Aug. 21 to 25 by Wirthlin Worldwide, 72 percent of 1,005 adults said that it was "very important" that the United States remain an active member of the United Nations, which they ranked higher than the North Atlantic Treaty Or-

ganization, the World Bank and the World Health Organization. Seventy-three percent said that Washington should pay its dues.

Sixty percent of those surveyed also said that the United Nations was doing a good job, the highest rating UNA-USA has seen in a variety of polls since 1959.

"These polls have taken a jump in public opinion since we took our last poll two years ago," said John Whitehead, a former deputy secretary of state and chairman of UNA-USA. Speaking at a news conference here on Thursday, Mr. Whitehead said that there has long been "some kind of disconnect between public opinion on the United Nations and the voting record of Congress, at least in recent years."

The new poll also found a much higher approval rating for Secretary-General Kofi Annan, although 25 percent of those polled had never heard of him, than a similar poll in late 1995 found for his predecessor, Boutros Boutros-Ghali, whose name had become the butt of Republican ridicule. Mr. Annan's performance was given a 53 percent approval rating compared with Mr. Boutros-Ghali's 30 percent.

But even Mr. Annan has become disillusioned with Washington, as protestations of support for the United Nations in the administration and Congress fail repeatedly to turn into tangible support.

In order to avoid losing its General Assembly vote, the United States will have to pay about \$200 million by Dec. 31. But even if Congress, which is locked in a confrontation with Mr. Clinton over an anti-abortion amendment to legislation, is able to authorize the money in the current session, dozens of conditions, some requiring administration certification, are expected to block payment to the United Nations.

Senior officials here say that with every day that passes, it is more likely that the United States will fall automatically under Article 19 of the UN Charter, which strips a country of its General Assembly vote when its debt equals or exceeds the assessments due for the preceding two years.

The U.S. seat on the Security Council would not be affected.

But diplomats, including Americans, say that anger toward the United States is beginning to erode support on issues vital to Washington, and that General Assembly votes to decide elections for rotating Security Council seats as well as major initiatives and appointments within the organization at large.

A twin-engine plane crashed near Myrtle Beach, South Carolina, killing all four people aboard. The falling aircraft, which had had engine trouble and was trying to return to the airport, seriously injured a man who was walking his dog.

A mass transit repairman said he may quit his San Francisco job after hitting a \$14 million slot jackpot, a world record, in Reno, Nevada. Reynald Herren, 38, said he would use the winnings to secure a college education for

his three children and a dream house for his family.

(AP)

A college student was killed when an explosive device detonated in an unauthorized experiment in Terre Haute, Indiana, the police said. The student, a visitor from California, and a student from the Rose-Hulman Institute of Technology made the device, then detonated it in woods near a dormitory to see what would happen, the authorities said. The second student was arrested.

(AP)

Away From Politics

A new state law prohibits California hospitals from denying anesthesia to women during childbirth based on their ability to pay for the procedure up front. The law arose from a case involving a patient who was denied an epidural while in labor at Northridge Hospital Medical Center. An anesthesiologist had demanded she pay \$400 in cash for the pain-control procedure. Up to 300 women are to get refunds.

(AP)



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INTERNATIONAL

West Bank Roadblocks: To Palestinians, an Irritant, but to Israelis, Security

By Lee Hockstader
Washington Post Service

BEIT ULA, West Bank — Not long before her baby stopped breathing even before it was born on the way to the hospital — Fadwa Al'am had a terrifying thought: What if the Israeli soldiers stopped her?

Impossible, she decided.

"We expected them to allow us to cross the checkpoint because I was pregnant and in labor," she said, her voice a stumb, low monotone as she described the ordeal. "I mean, we had no doubt they'd let us pass. The hospital's just 10 minutes past the checkpoint."

She was mistaken. As her contractions convulsed her in the back seat of the station wagon, the Israeli troops manning the roadblock just outside Hebron yelled at the relatives accom-

panying her and refused to let their car pass, according to an account by Mrs. Al'am and her family that has not been disputed by Israeli authorities.

By the time she reached the hospital more than an hour later, after driving halfway around the city to avoid Israeli roadblocks, it was too late. Her baby daughter, born on the side of the road near a dusty village, was already dying.

To most Palestinians, Israeli roadblocks are a hassle and a humiliation, not a threat to life. Israel says its soldiers at checkpoints have standing orders to allow cars to pass in cases of humanitarian emergency — even when the authorities have declared a total closing of the occupied territories in a security alert. In Mrs. Al'am's case, the authorities insist that the troops did not notice that she was nine months pregnant.

Still, Mrs. Al'am's tragedy, while ex-

treme, fits a larger pattern, according to Palestinians who encounter Israeli checkpoints regularly as well as to Arab and Israeli human rights advocates. They say checkpoints manned by Israeli troops in the occupied West Bank have become a chief irritant in Palestinian-Israeli relations.

As a regular feature of life for tens of thousands of Palestinians, they mock the assertion that Prime Minister Benjamin Netanyahu of Israel often makes to foreign audiences — that 98 percent of the Palestinian population lives under Palestinian civil control. In fact, Palestinian control often ends as soon as Palestinians try to go very far, human rights workers say.

"That's the big myth of Oslo" — the 1993 peace accord between Israel and the Palestinians — "that Israel no longer occupies the West Bank and Gaza," said

Jessica Montell of the Israeli human rights group B'Tselem. "Most Israelis fervently want to believe that they are no longer occupiers."

"But if they want to go anywhere," she said of Palestinians, "they're going to encounter Israel."

Said Jonathan Kuttab, a prominent Palestinian human rights lawyer: "Checkpoints have become primarily a form of harassment and of making life difficult. They're an exercise of authority and sometimes just of egoism by young kids who love to have the power to tell people 'no, you can't' and 'yes, you can.'

Each of the more than 130,000 Palestinians who cross daily from the West Bank and Gaza Strip into Israel — usually for work — must pass through at least one of about 30 military checkpoints. In addition, Palestinians in the

West Bank encounter roadblocks when Israel orders special curfews and closings in times of tension. A special curfew was in force last month in Hebron when Mrs. Al'am went into labor.

Nearly every Palestinian can recount having been hassled or abused at Israeli checkpoints, but the problem goes beyond bad blood. It is also bad for business. Since Palestinian entrepreneurs generally cannot get vehicles through the checkpoints, they are forced to hire trucks licensed in Israel at far-higher prices.

"This increases our costs and creates big problems," said George Nasser, who runs a textile factory in Palestinian-controlled Bethlehem and who relies on raw materials brought from Israel. "We cannot compete."

To the Israeli security services, whose members live in constant fear of suicide bombers and terror attacks, checkpoints

are a deterrent, not a matter of debate. Israel insists that its forces have clear orders to accommodate genuine humanitarian emergencies, and generally ambulances and other emergency vehicles are allowed to pass through roadblocks.

Israeli military spokesmen acknowledge occasional departures from this policy. Nevertheless, they say, the object of roadblocks is not to win the hearts and minds of Palestinians but to win the war against terrorism.

They cite instances in which terrorists have tried to sneak past Israeli checkpoints by disguising themselves as women or claiming medical emergencies. In January 1995 a suicide bomber who posed as a blind man entered Israeli territory and detonated the explosives he carried near the coastal city of Netanya. Twenty-two Israelis died, nearly all of them soldiers, and 60 were injured.

"If the Palestinian Authority had done something to prevent terror acts against Israelis, we would not have to be in this situation at all," said Brigadier General Izak Eitan, military commander for the West Bank. "When you use terror, people suffer. Of course terror does not recognize who is the good guy and who is the bad guy."

In response to the death of Mrs. Al'am's newborn, the Israeli Army issued a statement that sounded like an apology. The soldiers had used poor judgment, it said, acknowledging that the troops had strict orders governing humanitarian emergencies and promising to investigate the incident. The army added parenthetically that it was impossible to ascertain whether the baby had died because of the delay in getting to the hospital.

Yet the incident, which took place Aug. 25, was not the first time an Arab child had died after being delayed en route to a hospital by Israeli troops.

Only three days earlier, a 3-month-old baby, vomiting and running a high fever, died in his mother's arms in Hebron. Shirin Hadad, the child's mother, begged Israeli soldiers to allow her to walk to a taxi stand just up the street from her house so she could go to the hospital. The soldiers refused, citing a neighborhood curfew imposed after a Jewish settler was murdered in the city, according to Mrs. Hadad and her father, who owns an electrical appliance store.

After nearly an hour of pleading, she finally slipped away, walking through a vineyard to elude the soldiers. She left her tiny son Qusay, the youngest of triplets, weeping in her arms. What would have been a 10-minute trip to the hospital took an hour and 40 minutes. When she finally arrived, doctors in the emergency ward could not revive the infant.

Hours later, Israeli troops again stopped Mrs. Hadad, this time on her way to bury the child in the Muslim cemetery. The family was forced to bury the baby in a private plot.

Colonel Baruch Nagar, head of Israel's civil administration in Hebron, called on Mrs. Hadad a few days later to ask about the circumstances and express the army's condolences, according to Mrs. Hadad's account, which was confirmed by army officials. The colonel offered her husband a permit to work in Israel, which he declined. But officials say they cannot find the troops or police officers who detained Mrs. Hadad the day her baby died.

Human rights advocates and military spokesmen could not think of a case in which an Israeli soldier was disciplined for his actions at a roadblock. In the few instances when punishment seemed to be a possibility, the resulting uproar — among Israeli Army officers, soldiers' parents and the media — has quickly squashed the idea.

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BRIEFLY

Told to Disarm

London Lags in Health

In the Record

E - F

International

A new service

Retail

Retail

Albright Meets With Iranian Minister on Afghan Crisis

The Associated Press

NEW YORK — Secretary of State Madeleine Albright and the Iranian foreign minister, in the highest-level contact between the nations in two decades, were meeting Monday with six other countries concerned about civil war in Afghanistan and the potential for regional conflict.

Convened by the UN secretary-general, Kofi Annan, the meeting was the first by the "group of eight" since soldiers of the Taliban movement overran the opposition stronghold of Mazar-e-Sharif on Aug. 8 and killed several Iranian diplomats. The religious militia controls about 90 percent of Afghanistan.

The U.S. government has condemned the slayings, but has urged Iran not to respond with force. Tehran has amassed 200,000 troops at the Afghan border and has conducted intimidating military exercises.

Mrs. Albright hoped to use Monday's forum with Foreign Minister Kamal Kharazi of Iran and other ministers to call again for restraint and to press Iran to become a "responsible member of the international community."

"What we want to see is a dialogue, through whatever means are appropriate, to avoid an escalation of the situation," the State Department spokesman, James Rubin, said last week in previewing the meeting.

On Sunday, the Taliban released five Iranians, but Tehran said Taliban authorities were holding 50 more, most of them drivers. Iran claims the drivers were delivering food, medicine and other humanitarian goods to needy Afghans. But the Taliban has said the Iranians were carrying weapons to its opponents in the north of the country.

The group of eight, which has met before at subministerial levels, includes representatives from the United States and Russia and six Afghan neighbors: Iran, Pakistan, Tajikistan, Uzbekistan, Turkmenistan and China.

Although the focus of the UN meeting was on the conflict in Afghanistan and border tensions, the first face-to-face meeting between Mrs. Albright and Mr. Kharazi was another significant sign of increasing U.S.-Iran contacts that could lead to restoration of diplomatic ties.

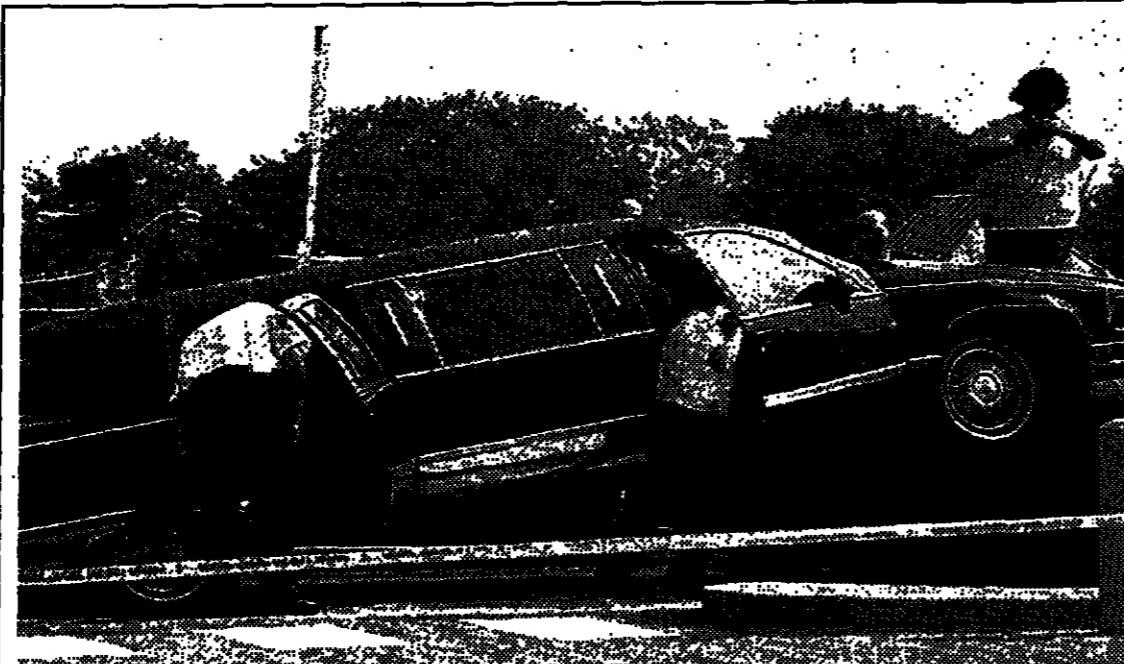
The United States and Iran, under President Mohammed Khatami, have been making tentative moves through cultural and academic exchanges toward repairing relations.

In another measure of Mr. Khatami's efforts to break Iran's diplomatic isolation, he was addressing the UN General Assembly on Monday.

Mr. Khatami has called for a "dialogue of civilizations," but his country is still controlled by hard-line religious fundamentalists who see the United States as the "great Satan."

The Clinton administration, in an olive branch speech Mrs. Albright gave in June, has suggested that the United States is ready to resume a dialogue with Iran, something Tehran's leaders have so far rejected.

Mrs. Albright called for Iran to halt its support of terrorism and instead join "multilateral efforts to protect international security."



Pentagon police inspecting the limousine in which the Japanese defense minister was injured.

Japanese Minister Is Injured in U.S.

Reuters

WASHINGTON — Japanese Defense Minister Fumio Nakagawa suffered a minor leg injury Monday when a steel barrier suddenly lifted under his limousine as he arrived at the Pentagon for talks with Defense Secretary William Cohen.

Mr. Nakagawa and two other Japanese officials in the car who suffered minor injuries were treated at a nearby hospital after the late-morning accident at one of the guarded entrances to U.S. Defense Department headquarters.

A press officer at the Japanese Embassy said Mr. Nakagawa, 54, suffered a minor injury to his lower leg. Another official suffered a head injury, and a third suffered a facial injury.

Army Colonel Richard Bridges, a Pentagon spokesman, said the steel barrier — designed to block cars in an emergency — suddenly lifted under the limousine in front of the front wheels.

Officials said they did not know whether the barrier malfunctioned or was accidentally lifted by a guard at the Pentagon's River Entrance as the motorcade passed through the gate.

A United Europe (in Disgust Over the TV Testimony)

By Joseph Fitchett
International Herald Tribune

PARIS — The release of the videotape of testimony by President Bill Clinton on Monday prompted a rare degree of unanimity among Europeans, most of whom reacted with revulsion against the public humiliation being inflicted on the leader of a major democracy.

"It makes me want to throw up," Chancellor Helmut Kohl said over the weekend, telling the German newspaper *Die Welt* that he was using the word deliberately to convey his nausea at the thought of millions of people tracking the details of Mr. Clinton's private life.

In Europe, such extensive public exposure of details about a leader's personal business — especially his sex life — is almost unthinkable. Political tradition to focus on a domestic feud while ignoring the deepening international crises that require attention in Washington.

This French reaction seemed broadly in line with attitudes throughout Europe, where leaders and public opinion appeared increasingly alarmed at the readiness of the American political process to

cannot legally be forced to resign. The prestige of the White House in European eyes made it a shock for viewers watching a continent away as the image appeared of Mr. Clinton in the box, virtually in the role of defendant.

"The world seems to be topsy-turvy," a French reporter said, capturing a shifting mood in Paris as the degrading exposure of the U.S. president was

over sexual dalliance.

Even in Britain, where many influential commentators said that Mr. Clinton should resign because he can no longer lead effectively, a chorus of editorialists condemned the congressional decision to release evidence that would be withheld in normal court proceedings.

The Times praised Prime Minister Tony Blair for sticking to a planned meeting with Mr. Clinton later Monday in New York, where both leaders were attending the UN General Assembly, saying that it would "make a very bad situation absolutely dreadful" if other world leaders openly avowed the discredited situation of the U.S. presidency.

In practice, however, the tape will do unavoidable damage to Mr. Clinton's image and international stature, according

to European government officials, who said privately that the visual impact on viewers will work to Mr. Clinton's detriment, especially among people who did not assimilate the mass of details contained in the massive written findings of the independent council Kenneth Starr.

"Even if polls show that Americans massively disapprove of the decision to release the tape, they're still going to watch it and see the president in a bad light," a German official said.

The outrage in Europe, he added, stemmed partly from concern among political elites about the risk of seeing their own countries exposed to the tactics of public disclosure employed by Mr. Clinton's foes.

In practice, that risk is minimal, experts said, citing fundamental dissimilarities between the U.S. presidential system and Europe's parliamentary democracies.

The U.S. system bestows special importance on the president, who is elected by the whole country and therefore does not legally depend on his party or a congressional majority.

"The fact that we are a very old nation," Prime Minister Lionel Jospin of France said Monday, "and we have a very old state, the long experience of our people as a nation and as a democracy guarantees us perhaps against such excesses" as the Clinton investigation.

UN: Clinton Gets a Rousing Welcome at the General Assembly

Continued from Page 1



Bill Clinton shaking hands Monday in New York with Kofi Annan, UN secretary-general, as Madeleine Albright, U.S. secretary of state, looks on.

Mr. Clinton also spoke of a global response. To promote stronger domestic laws and control the manufacture and export of explosives. To raise international standards for airport security. To combat the conditions that spread violence and despair.

Mr. Clinton's call for strengthening of biological and chemical weapon conventions will be welcomed by arms control groups, which say that the administration is allowing the Pentagon to weaken the chemical treaty.

The tone of Mr. Clinton's remarks on international cooperation against terrorist organizations found an echo in a speech by Chandrika Kumaratunga, president of Sri Lanka, a country where more than a decade of ethnic warfare has hobbled what was once the most rapidly developing of South Asian nations and has cost thousands of lives. She warned global leaders to be "eternally vigilant to ensure that terrorists do not find loopholes in our laws."

In his speech, Mr. Clinton repeated his administration's insistence that the fight against terrorism was not part of a clash of civilizations between the United States and the Islamic world.

"I believe this view is terribly wrong," the president said. "False prophets may use and abuse any religion to justify whatever political objectives they have, even cold-blooded murder."

"Some may have the world believe that Almighty God himself, the Merciful, grants a license to kill. But that is not our understanding of Islam."

"A quarter of the world's population in Islam, from Africa to the Middle East, to Asia and to the United States, where Islam is one of our fastest growing faiths. There are over 1,200 mosques and Islamic centers in the United States, and the number is rapidly increasing."

Mr. Clinton did not talk about paying financial obligations to the organization, disappointing members of Congress who were prepared to challenge his repeated efforts to blame them for the failure to pay. The United States is the biggest debtor to the United Nations, with obligations of more than \$1.5 billion, and faces the loss of voting rights in the General Assembly at the end of the year.

NATO: Kosovo Indecision Costly to Bloc

Continued from Page 1

Albanian charity burned and the school in the village of Dobrotin vandalized after the Serbian forces used it as sleeping quarters, said the UN spokesman, Fernando del Mundo. Many homes were burned beyond repair, he said.

About 250,000 ethnic Albanians have been forced from their homes in similar actions by the Yugoslav Army since late July and are moving around Kosovo on foot and on tractors seeking shelter, according to UN officials and Western monitors in Kosovo.

More than 50,000 refugees are squatting without shelter in the cold and rain on some of Europe's most rugged mountains. About 3,000 were bussed into the city of Shkoder in neighboring Albania last weekend, adding to the political unrest there.

The director of UN refugee operations in Serbia, Margaret O'Keefe, said that Mr. Milosevic had calculated force against civilians that was far-reaching but not quite enough to provoke NATO attacks.

She said the UN refugee organization was "very pessimistic that we are head-

Blair, at UN, Urges Action on Kosovo

New York Times Service

UNITED NATIONS, New York — Prime Minister Tony Blair of Britain said Monday he hoped the French and British resolution demanding an immediate cease-fire and the end of human-rights abuses in Kosovo.

"President Milosevic would ignore such a resolution at his peril," Mr. Blair told the General Assembly, referring to Slobodan Milosevic, the president of Yugoslavia, of which Kosovo is a province.

But diplomats said Monday that the council was not yet in agreement on whether the proposed resolution should authorize the use of force. Of the five permanent council members — Britain, China, France, Russia and the United States — only Russia seems unwilling to grant the right to use force to enforce the resolution, and there are fears that Moscow would veto such a measure.

Instead, said another NATO diplomat familiar with the Serbian military action on the ground, "This has gone from being a fight with the Kosovo Liberation Army terrorists to being a campaign against the Albanian people."

EUROPE

Schroeder the Invulnerable? Economic Record Gives Critics an Opening

By Edmund L. Andrews
New York Times Service

HANNOVER, Germany — He went to the opera in Vienna with the chairman of Volkswagen. He took a spin on the Boeing yacht in Seattle last year. He has visited with Bill Gates, the chairman of Microsoft.

If Gerhard Schroeder has tried to communicate anything during his long quest to unseat Chancellor Helmut Kohl, it is that he is worldly and modern. A Social Democrat who started out as a Marxist student leader, he now talks easily about working with both business and labor to tackle Germany's high unemployment and prepare for the future.

But with elections just a week away, Mr. Schroeder's past is coming back to haunt him. As the premier of Lower Saxony since 1990, he presides over a state with nearly 11 percent unemployment — one of the highest rates in western Germany. The state's budget is a shambles, growing under a mountain of debt. Job-training, school budgets and community programs have been cut, and bigger cuts are likely.

Not surprisingly, Mr. Kohl and his Christian Democratic Union, steadily gaining in national polls, have begun to hammer at Mr. Schroeder's problems at home. Mr. Schroeder continues to lead Mr. Kohl in national polls by 2 or 3 percentage points, but many voters are still undecided.

Opponents assert that Mr. Schroeder is all show and no substance, a person who thrives on dramatic gestures but whose state nevertheless lags behind in key respects.

"He loves to be the trouble-shooter,

to jump into situations where he can rescue a factory from being shut down," said Fritz Müller, a senior economic adviser to Christian Democrats in the state parliament. "The problem is, he doesn't have any fundamental economic policy."

Mr. Schroeder has shown a knack for bailing out troubled local factories. Brushing aside objections from environmentalists, his government has spent hundreds of millions of marks to deepen a small river so that a family-owned shipbuilder could build luxury liners and deliver them to the Baltic Sea.

When Preussag AG wanted to sell its steel mill in March to an Austrian company, Mr. Schroeder's government bought the factory for about \$600 million and then quickly listed it on the stock exchange. It has also propped up Continental Tire, based in Lower Saxony, and taken over an airplane maintenance center that Daimler-Benz wanted to shut down.

The question is not how we compare with other states today, but whether things look better now than they did when we came into power," said Alfred Tacke, Mr. Schroeder's state secretary for economics. "We think there has been progress."

But government statistics show that Lower Saxony has grown more slowly than most other western German states for the last several years — and more slowly than several eastern German ones. While industrial growth has roared ahead in states like Bavaria, Germany's wealthiest, it barely limps along here. And while Mr. Schroeder talks



A woman in Hamburg passing posters for Helmut Kohl and Gerhard Schroeder.

about creating 100,000 more job-training positions and investing in technology, his own state has invested much less than many others.

Mr. Schroeder's record at home provides a vivid insight into his personality and his style of governing. The picture that emerges is of a relentlessly pragmatic leader who thrives on protecting jobs but is bored by economics.

"I have a lot of sympathy for him," said Gernot Preuss, president of Lower

Saxony's association of employers, who has known Mr. Schroeder for two decades. "He has learned a lot about business, and he has consistently said that the state can only be successful if the economy is successful."

But Mr. Schroeder gets much poorer grades as a thinker. Executives and many local government officials complain that he was sloppy about finances when the state was booming in the early 1990s and was then caught by surprise

when the economy slowed to a crawl. And they were infuriated this year when Mr. Schroeder unilaterally vetoed Preussag's decision to sell its steel mill and had the state take it over instead.

Today, Mr. Schroeder's budget problems are among the most acute of any state in western Germany, and his lieutenants have been scrambling to keep them from damaging his campaign for chancellor. The state's total debt has ballooned from 37 billion marks in 1989 (then about \$23 billion) to more than 62 billion marks (about \$34 billion) last year.

Last November, the state supreme court ruled for the second time that the state's budget deficit violated legal limits. Local governments, meanwhile, have sued the state, maintaining that it has shortchanged them by about \$300 million a year.

Opposition leaders now contend that Mr. Schroeder faces a shortfall of nearly \$3 billion in the two-year state budget for 1999 and 2000. They are asking a court to force him to reveal his budget before the elections.

The financial straits have seriously cut into social programs. Local school districts have all but stopped hiring new teachers, and one town on the northern coast went so far as to use its own money to do so.

The University of Hannover has been forced to increase the size of classes, delay renovations and lay off clerical workers. At a community counseling program in Hannover for battered women, workers have gone without pay since the government cut off money several months ago.

Lower Saxony's level of joblessness, at 10.7 percent, is markedly higher than the western German average of 9.1 percent. Its level of youth unemployment, at 13.9 percent, is the highest of any western German state.

Yet because the state's budget has been so cramped, Mr. Schroeder's government has spent far less than other states on training programs and investment in new industries.

Defenders of Mr. Schroeder say he has had to wrestle with long-term problems that were evident before he came to power. Lower Saxony's industry was dominated by old-line manufacturing companies that have been battered by global competition since the 1980s. Volkswagen, the state's biggest company and the anchor for an extensive industry of parts suppliers, came perilously close to bankruptcy in 1993 before it put itself through brutal cost reductions.

"You can't blame Schroeder for everything," said Wilfried Prewo, president of Hannover's chamber of commerce and industry. "Unemployment was high before he came to power. He started out with a pile of debt."

Even Mr. Schroeder's critics acknowledge that he Schroeder has an unorthodox cleverness, which he showed after acquiring Preussag's steel mill in February.

The move outraged free-market purists and many business leaders. But then Mr. Schroeder took advantage of what was still a booming stock market and listed the company on the stock exchange in June. The government sold most of its stake for a cash profit of about \$25 million, and it still owns shares worth several hundred million dollars.

BRIEFLY

9 Omagh Blast Arrests

BELFAST — Police arrested nine people Monday on suspicion of involvement in the car bombing last month in Omagh, the deadliest terrorist strike in the 30-year conflict in Northern Ireland.

The police in the British province said they had arrested six people in connection with the blast, which killed 29 people and wounded more than 330 in the town 70 miles (110 kilometers) west of Belfast.

In the Irish Republic, the police arrested three men on suspicion of having helped steal the car used to ferry the approximately 500 pounds (225 kilograms) of explosive into Omagh. (AP)

ETA Told to Disarm

MADRID — The Spanish government demanded Monday that the Basque guerrilla group ETA agree to surrender its arms as a condition for beginning a peace process to end 30 years of separatist conflict.

In the strongest official response so far to ETA's unilateral cease-fire, a government spokesman, Josep Pique, said it would be "premature" to take action unless the guerrillas proved they were truly ready "to abandon violence as a political weapon."

"The peace process will begin the moment ETA decides definitively to lay down its arms, to turn them in, and from that point on, to start dismantling itself," Mr. Pique told state television. (Reuters)

London Lags in Health

LONDON — Londoners trail residents of other European capitals in terms of health, with high rates of infant mortality, disease and teenage pregnancy, an official report said Monday.

The study, carried out for the public health departments of various London boroughs, put the Nordic capitals of Stockholm, Oslo and Helsinki at the top of the compared capitals in all respects.

In central districts of the British capital, the proportion of children dying before age 1 is 7.3 per thousand, compared with 7.2 in Rome, 5.4 in Vienna and 3.3 in Helsinki. Among London adults, 295 per 100,000 die before they reach age 65, the highest among the capitals except for Lisbon, with 306.9. (AFP)

For the Record

A rise in the number of "mad cow" cases in Portugal concerns the European Commission, which has given Lisbon until Oct. 1 to respond to questions about the outbreak, the agriculture commissioner, Franz Fischler, said Monday. (AFP)

Bosnian Serb Concedes She Lost Presidency

The Associated Press

BANJA LUKA, Bosnia-Herzegovina — The moderate Bosnian Serb president conceded her defeat Monday by a hard-liner in voting this month but vowed to continue fighting for democracy in the ethnic Serb-controlled part of Bosnia-Herzegovina.

"I'm addressing the public not as the president but as a member of my coalition," President Biljana Plavsic said in acknowledging her loss to the extreme nationalist Nikola Poplasen.

Although the final tally of the Sept. 12-13 Bosnian elections will not be known until later this week, election officials have indicated that Mr. Poplasen defeated Mrs. Plavsic.

Such an outcome would deal an unexpected blow to a key part of the West's strategy in Bosnia: reconciling Serbs, Muslims and Croats after the three-and-a-half-year war that ended in 1995 with the U.S.-sponsored Dayton peace agreement.

Since Mrs. Plavsic, a former nationalist, turned moderate about a year ago, the United States and other Western powers have invested millions of dollars in the Serb-controlled half of Bosnia, hoping to make Serbs forget their wartime goal of dividing Bosnia and joining Serbia.

In Sarajevo on Monday, the Organization for Security and Cooperation in Europe revoked the candidacies of nine Bosnian Serbs as punishment for violating election rules, but it stopped short of removing Mr. Poplasen.

A television appearance by Mr. Poplasen in neighboring Yugoslavia on the eve of the elections triggered a debate as to whether he should also be punished.

In her first appearance since the elections, Mrs. Plavsic said, "Regardless of election results, my coalition, Harmony, will stick to its policies," which she said are "based on respect of the Dayton peace agreement and a legal state."

Mrs. Plavsic said that she had no intention of leaving the political scene and that her coalition's concept was a "long-term project, the only one that can bring progress to my countrymen."

"We were the ones who opened the door for Republika Srpska to the rest of the world," she said. "It would be absurd for whoever wins these elections to attempt to close that door."

Zivko Radisic, a Socialist and the candidate considered most likely to win the seat as the Serb member of the three-member Bosnian presidency, called the incident-free elections "historic" and said they could give the Bosnian Serb state a chance for the future.

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ASIA/PACIFIC

5-Power Defense Pact Is Caught in Crossfire

Malaysia-Singapore Rift Imperils Accord

By Michael Richardson
International Herald Tribune

SINGAPORE — Malaysia's economic difficulties and political tensions with neighboring Singapore have cast a cloud over the future of Southeast Asia's only multilateral defense cooperation agreement, analysts said Monday.

Citing funding problems because of a deepening recession, the Malaysian government last month pulled out of the main military exercise for 1998 under the Five Power Defense Arrangement, known by its initials as FPDA. The agreement involves Australia, Britain and New Zealand in the defense of Malaysia and Singapore.

Unlike the North Atlantic Treaty Organization, FPDA does not require the permanent stationing of foreign forces in the territory covered by the pact. The key to its credibility are regular exercises between the naval and air forces of the five participating countries so that they can operate effectively together in any crisis. The agreement also includes an integrated air defense system for Malaysia and Singapore.

Malaysia said Thursday that it was permanently withdrawing a blanked

approval for Singaporean military planes to use its airspace for training and search and rescue flights.

Although Malaysian officials deny this publicly, analysts said both moves stemmed in part from Malaysian anger over a series of recent disagreements with Singapore.

Those disagreements range from rights to immigration control and customs checkpoints on a Malaysian railway line that runs through the island-state to the just-published memoirs of Lee Kuan Yew, in which the Singaporean senior minister blames Malaysia for the breakup in 1965 of a merger between the countries that lasted less than two years.

Mr. Lee — who as prime minister played a key role in negotiating the defense accord — said late Sunday in answer to questions at a dinner meeting of the Foreign Correspondents Association that the arrangement was still relevant to the security of Malaysia and Singapore:

"But it's only workable if Malaysia and Singapore are partners in the FPDA."

What concerns some officials of countries participating in the accord is that for the first time since it took effect in 1971, a bilateral political move has interfered with the op-



PEERING PROTESTERS — Indonesians looking through a fence Monday near Parliament as demonstrations flared in Jakarta over prices and the pace of an inquiry of former President Suharto.

By Barry Neff/Reuters

cluding China, which has territorial disputes with several Southeast Asian nations, including Malaysia.

The defense agreement exists alongside bilateral security treaties the United States has with Thailand and the Philippines and Australia has with Indonesia. U.S. defense officials say it is an important component

of regional stability and security at a time when financial turmoil and the economic slowdown in East Asia are creating serious social and political unrest in some countries.

Mr. Lee said he did not think Malaysia had set out to demolish the agreement.

"It's just that they've canceled one exercise," he said. "Let's wait and see. The potential instabilities in the region, if anything, have slightly increased, not decreased. I would have thought there was no benefit in demolishing it."

The Malaysian defense minister, Hamid Albar, has said that Kuala Lumpur will take part in future exercises if the economy improves. But analysts say that relations with Singapore would also have to improve.

Officials said a particular focus would be why the Coast Guard is believed to have taken more than six hours to respond to distress calls sent from the Princess of the Orient. A senior Coast Guard official denied the rescue service was slow to respond, saying choppy seas prevented its vessels from reaching the disaster scene immediately.

On Sud

BRIEFLY

Hong Kong Wasn't Negligent In Airport Crisis, Official Says

HONG KONG — Anson Chan, the most senior civil servant in Hong Kong, said Monday that the government had not been negligent in the botched opening of the territory's new airport in July.

Mrs. Chan, the Hong Kong chief secretary, said that the airport was not fully ready when it opened on July 6 amid chaos for passengers and cargo, but that authorities had expected only minor problems.

Mrs. Chan, who had headed the airport oversight committee, was speaking during a parliamentary hearing on the fiasco. She said the Airport Authority and the main cargo operator, Hong Kong Air Cargo Terminals Ltd., had given assurances that they would be ready to open on time.

"Of course, the government has responsibility," she said, and added: "it is difficult to accept that we were negligent."

The long-touted, state-of-the-art airport project ignited widespread fury and deep embarrassment for the government of Hong Kong when the problems after the opening caused weeks of delays, particularly for cargo operators.

(Reuters)

Seoul Accused of Cattle Plot

SEOUL — North Korea accused the government of South Korea on Monday of a "vicious plot" to kill 500 cattle it received as a gift from a Seoul businessman.

The cattle, the north's official press agency said, were force-fed indigestible material before being shipped across the border. The news agency said that 15 head of cattle had died and that 8 more were near death. Autopsies found vinyl strips and lumps of hemp rope in the stomachs of the dead animals, the agency said.

(AP)

Manila to Study Ferry Sinking

MANILA — President Joseph Estrada of the Philippines ordered an inquiry on Monday into the sinking of a ferry in which dozens of people died. The ferry, the Princess of the Orient, sank in stormy weather Friday night south of Manila. Thirty-nine people have been confirmed dead, at least 58 are missing and 357 survived.

Officials said a particular focus would be why the Coast Guard is believed to have taken more than six hours to respond to distress calls sent from the Princess of the Orient. A senior Coast Guard official denied the rescue service was slow to respond, saying choppy seas prevented its vessels from reaching the disaster scene immediately.

(Reuters)

India Government in Local Clash

NEW DELHI — The fragile coalition government of India stumbled into a new political storm on Monday by threatening to dismiss a local government in the crime-plagued eastern state of Bihar.

The opposition, including the Congress Party, closed ranks against the governing coalition, which is led by Hindu nationalists, after the threat to impose federal rule in the region, the poorest in the country.

(Reuters)

Arthur S. Lall, Indian Diplomat, Is Dead at 87

By Barbara Crossette
New York Times Service

NEW YORK — Arthur S. Lall, an Indian diplomat of the Jawaharlal Nehru generation who helped secure his newly independent country a place near the center of world affairs in the 1950s and 60s, died Sept. 13 in New York. He was 87.

Mr. Lall, who settled in Manhattan at the end of his diplomatic career and taught international relations at the Columbia University School of International and Public Affairs, was consul general for India and then India's representative at the United Nations in New York in the 1950s.

He later represented India at the Conference on Disarmament in Geneva, where he was active in early arms talks between the United States and the Soviet Union. Mr.

Lall was a lifelong opponent of nuclear weapons and nuclear testing. In 1967, Conor Cruise O'Brien described Lall as the intellectual force and moderating influence behind the Menon diplomatic team.

"He belonged to a generation of Indian diplomats when the Indian Foreign Service used to recruit the very best of what India has to offer," said Sumit Ganguly, a professor of political science at the City University of New York. "This was the time of extraordinary international activism in Indian diplomacy, and people like Arthur Lall were linchpins."

Mr. Lall is perhaps best remembered for the role he played behind the scenes at the United Nations when the abrasive and viscerally anti-American K.P. Krishna Menon was India's leading voice in

foreign policy. In 1967, Conor Cruise O'Brien described Lall as the intellectual force and moderating influence behind the Menon diplomatic team.

"Arthur Lall was, by general consent, the brains behind the delegation; he was also its patience and its urbanity," O'Brien wrote.

Muriel Humphrey Brown, 86, Widow of Hubert Humphrey

WASHINGTON (NYT) — Muriel Humphrey Brown, 86, who grew from a shy girl from South Dakota into a confident woman during political campaigns for her first husband, Hubert H. Humphrey, and then was named to fill his seat in the Senate at his death in 1978, died Sunday in Minneapolis.

The office of her son, Hubert Humphrey 3d, the Minnesota attorney general, said only that she died of natural causes.

In recent years, Mrs. Brown appeared rarely in public, but on Tuesday she stood at the side of her son, Hubert Humphrey 3d, when he won the Democratic-Farmer-Labor Party nomination for governor. "Hubert would have been proud," she said after her son's victory.

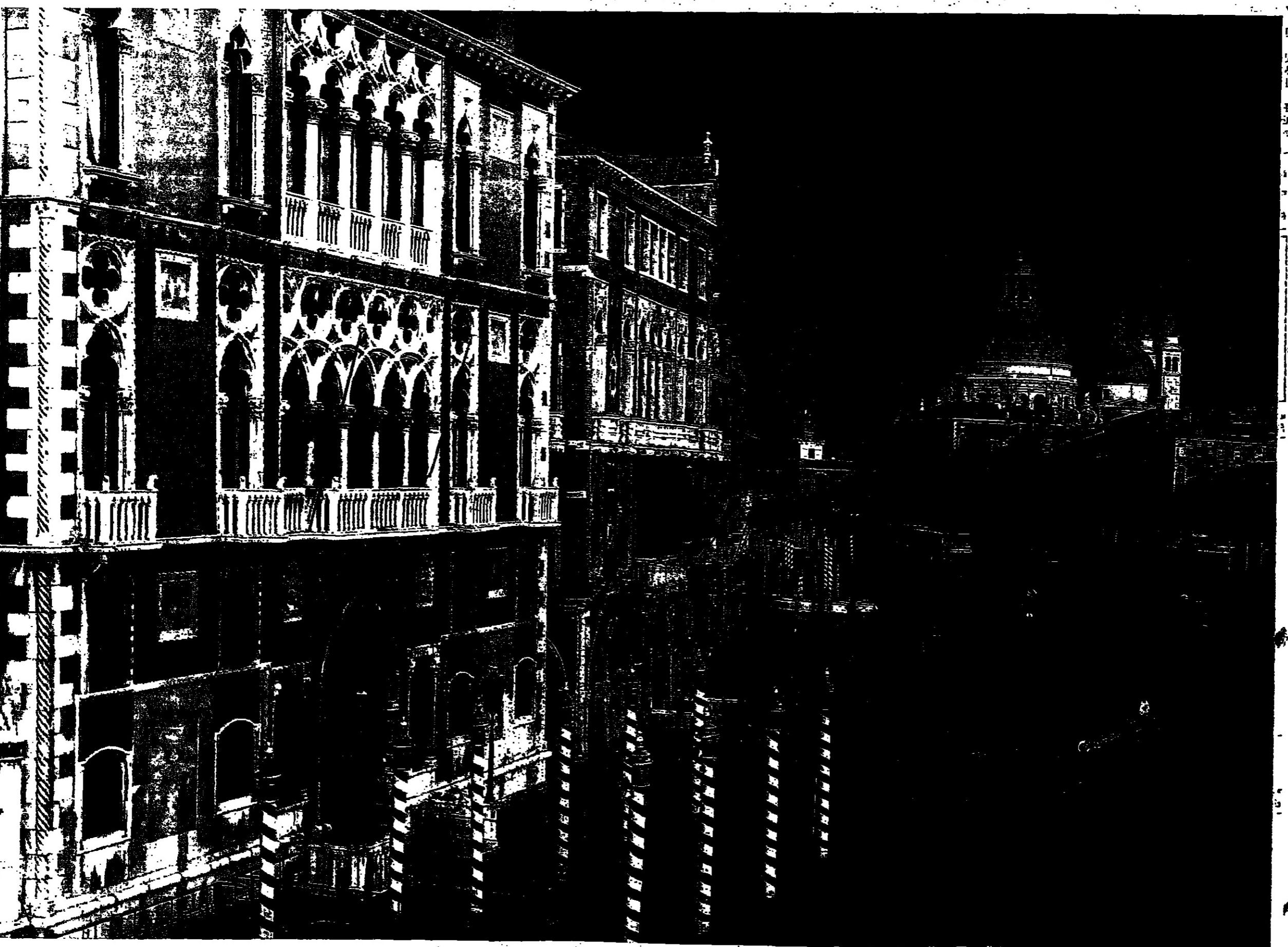
There were many victories in the lives of Hubert and Muriel Humphrey, and many setbacks as well. After Mr. Humphrey served as vice president under Lyndon Johnson, he lost to Richard Nixon in 1968.

Mr. Humphrey had also been defeated for his party's presidential nomination in 1960 by John F. Kennedy. When Mr. Humphrey died after returning to the Senate, Mrs. Humphrey was a logical and sentimental choice to succeed him until the 1978 election, when she did not run to keep the seat.

In previous disputes between the two countries — and there have been many — military exercises have proceeded normally.

Indeed, advocates of the agreement argued that it served to keep any bilateral tensions in check by reminding the two neighbors that they were so closely tied by geography that an attack on one would inevitably hurt the interests of the other.

Officials said that the future of the accord would become clearer by early 1999, when Malaysia must decide whether to join the other four countries in the group's next major annual military maneuvers, as well as several smaller-scale air defense exercises that precede them.



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The Clinton Testimony

The Associated Press

Following are excerpts from President Bill Clinton's grand jury testimony Aug. 17 before Office of the Independent Counsel prosecutors investigating the president's relationship with the former White House intern Monica Lewinsky. The excerpts were provided by the Federal Document Clearing House.

Unknown, Mr. President, would you raise your right hand, please? Do you solemnly swear that the testimony you're about to give in this matter will be the truth, the whole truth and nothing but the truth, so help you God?

A. I do.

Q. My name is Robert Bittman. I'm an attorney with the Office of Independent Counsel. Mr. President, we are first going to turn to some of the details of your relationship with Monica Lewinsky that follow on your deposition that you provided in the Paula Jones case as was referenced on January 17, 1998.

The questions are uncomfortable, and I apologize for that in advance. I'll try to be brief and direct as possible.

Mr. President, were you physically intimate with Monica Lewinsky?

A. I think maybe I can save the — you and the grand jurors — a lot of time if I read a statement which I think will make it clear what the nature of my relationship with Ms. Lewinsky was, how it related to the testimony I gave. I will try to do that in that testimony. And I think it will perhaps make it possible for you to ask even more relevant questions from your point of view. And with your permission, I'd like to read that statement.

Unknown. Absolutely. Please, Mr. President.

A. When I was alone with Ms. Lewinsky on certain occasions in early 1996, and once in early 1997, I engaged in conduct that was wrong. These encounters did not consist of sexual intercourse. They did not constitute sexual relations, as I understood that term to be defined at my January 17, 1998, deposition.

But they did involve inappropriate, intimate contact. These inappropriate encounters ended at my insistence in early 1997. I had also occasional telephone conversations with Ms. Lewinsky that included inappropriate sexual banter.

I regret that what began as a friendship came to include this conduct. And I take full responsibility for my actions. While I will provide the grand jury whatever other information I can, because of privacy considerations affecting my family, myself and others, and in an effort to preserve the dignity of the office I hold, this is all I will say about the specifics of these particular matters.

I will try to answer to the best of my ability other questions, including questions about my relationship with Ms. Lewinsky, questions about my understanding of the term of sexual relations, as I understood it to be defined at my January 17, 1998, deposition, and questions concerning alleged subordination of perjury, obstruction of justice and intimidation of witnesses.

That, Mr. Bittman. ■

Q. Mr. President, your statement indicates that your contacts with Ms. Lewinsky did not involve any inappropriate intimate contact. Mr. Bittman.

A. No, sir, indicates that it did involve inappropriate intimate contact.

Q. O.K. It did involve inappropriate intimate contact.

A. Yes, sir, did.

Q. Was this contact with Ms. Lewinsky — Mr. President, did it involve any sexual contact in any way, shape or form?

A. Mr. Bittman, I said in this statement, I would like to stay to the terms of the statement. It's clear what was appropriately intimate. I have said what it did not include. It did not include sexual intercourse, and I did not believe that it included conduct which falls within the definition I was given in the Jones deposition. And I would like to stay with that characterization.

Q. Did you talk with Ms. Lewinsky about what she meant to write in her affidavit?

A. I didn't talk to her about her definition. I did not know what was in this affidavit before it was filled out, specifically. I did not know what words was used — were used specifically before it was filled out or what meaning she gave to them.

But I'm just telling you that it's certainly true what she says here, that we didn't have — there was no employment or benefit in exchange. There was nothing having anything to do with sexual harassment.

And if she defined sexual relationship in the way I think most Americans do, meaning intercourse, then she told the truth.

And that depends on what was in her mind. I don't know what is her mind. You'll have to ask her.

Q. But you indicated before that you were aware of what she intended by the term sexual relationship.

A. No, sir. I said I thought that — that this could be a truthful affidavit. And when I read it, since that's the way I would define it — since keep in mind she was not — she was not bound by that sexual relations definition, which is highly unusual. I think anybody would admit that.

When she used two different terms, sexual relationship, if she meant by that what most people mean by it, then that is not an unusual statement.

Q. So your definition of sexual relationship is intercourse only, is that correct?

A. No, sir. I believe that the common understanding of the term, if we say two people are having a sexual relationship, most people believe that includes intercourse. So, if that's what Ms. Lewinsky thought, then that is a truthful affidavit. I don't know what was in her mind, but if that's what she thought, the affidavit is true.

Q. What else would sexual relationship include besides intercourse?

A. Well, that — I think — let me answer what I said before. I think most people when they use that term include sexual relationships and what other — whatever other sexual contact is involved in a particular relationship. But they think it includes intercourse as well.

And I would have thought so before I got into this case and heard all I've heard and seen all I've seen — I would have thought that's what nearly everybody thought it meant.

Q. Did anyone, as far as you knew, know about your embarrassing, inappropriate, intimate relationship that you had with Ms. Lewinsky?

A. At that time, I was unaware that she had told anyone else about it. But if — if I had known that, I would — it would not have surprised me.

Q. Had you told anyone?

A. Absolutely not.

Q. And you tried, in fact, not to let anyone else know about this relationship?

A. Well, of course.

Q. What did you do?

A. Well, I never said anything about it, for one thing. And I did what people do when they do the wrong thing. I tried to do it when nobody else was looking.

Q. How many times did you do that?

A. Well, if you go back to my statement, I remember there were a few times in '96. I can't say with any certainty. There was once in early '97. After she left the White House, I do not believe I ever had any inappropriate contact with her in the rest of '96. There was one occasion in '97, when, regrettably, that we were together for a few minutes. I think about 20 minutes. And there was inappropriate contact. And after that, to the best of my memory and belief, it did not occur again.

Q. Did you tell her in the conversation about

her being subpoenaed — she was upset about it. You acknowledged that.

A. Oh, yes, sir. She was upset. She — well, she — we — she didn't — we didn't talk about the subpoena. But she was upset. She said, "I don't want to testify. I know nothing about this. I certainly know nothing about sexual harassment. Why do they want me to testify?"

And I explained to her why they were doing this, and why these women were on these lists — and people that they knew good and well had nothing to do with any sexual harassment. I explained to her that it was a political lawsuit. They wanted to get whatever they could under oath that was damaging to me.

And then they wanted to seek it in violation of the judge's orders, and turn up their nose and say, "Well, you can't prove we did it." Now, that was their strategy.

A. And they were very frustrated because everything they'd leaked so far was old news. So they desperately were trying to validate this massive amount of money they'd spent by finding some new news. And ... she didn't want to be caught up in that and I didn't blame her.

Q. What about notes and letters? Cards, letters and notes to Miss Lewinsky? After we — that intimate, that intimate, inappropriate, intimate contact, she sent you cards and Miss Lewinsky ended up sending them to you?

A. Well, they were — some of them were somewhat intimate. I say most of them — most of the notes and cards were affectionate, all right. But she had clearly accepted the fact that there could be no contact between us that was in any way inappropriate.

Now, she sent cards sometimes that were just funny, even a little bit off color, but they were funny. She liked to send me cards, and I got a lot of those cards. I have several, anyway. I don't know a lot. I got a few.

Q. She professed her love to you in these cards after the end of the relationship, didn't she?

A. Well ...

Q. She said she loved you.

A. Sir, the truth is that most of the time, even when she was expressing her feelings for me in affectionate terms, I believe that she had accepted, understood my decision to stop this inappropriate contact. She knew from the very beginning of our relationship that I was apprehensive about it. And I think that in a way she felt a little free to be affectionate because she knew that nothing else was going to happen. I'm sorry. I just don't remember that.

Q. That is something that one would be likely to remember, don't you think, Mr. President?

A. I think I would, and I'd be happy to share it with you if I did. I only had one encounter with Ms. Lewinsky. I seem to remember, which was somewhat maybe reminiscent of that, but not that, if you will, obsessive, that's the way I remember.

Q. You recall him at all telling you that he was concerned about her fascination with you, even if you don't remember the specific conversation about you leaving the first lady?

A. I recall him saying he thought that she was upset with — somewhat fixated on me. But she acknowledged that she was not having a sexual relationship with me and that she did not want to be drug into the Jones lawsuit. That's what I remember.

And I recall his getting — saying that he had recommended a lawyer to her and she had gone to see the lawyer. That's what I recall.

Q. Well, you're not telling our grand jurors that you think the case was a political case for a setup, Mr. President, that that would give you the right to commit perjury.

Q. Mr. President, my question ...

A. But some of them were quite affectionate.

Q. ... My question was, did she or did she not profess her love to you in these cards and letters that she sent to you after the relationship ended?

A. Most of them were signed "Love," you know, "Love, Monica." I don't believe that I would consider — I don't believe that in most of these cards and letters she professed her love, but she might well have.

I — but you know, love can mean different things, too. Mr. Bittman, I have — there are lots of women with whom I have never had any inappropriate conduct, who were friends of mine, who will say from time to time, "I love you." And I know that they don't mean anything wrong by that.

Q. Q. And you're referring to the hyphenated insertion of an object into the genitalia of another person with the desire to arouse or gratify the sexual desire of any person? Would it constitute perjury if you were to do that?

A. In fact, that's what I know that I have been doing with my wife, for example, for years now — I was clearly inappropriate and would be embarrassing if somebody else read it. I don't remember when I said that. I don't remember what I was trying to do.

And now you seem to be complaining that they didn't do a good enough job. Did my best, sir, at this time. I did not know what I now know about this.

A. And lots of other things were going on in my life.

Did I want this to come out? No. Was I embarrassed about it? Yes. Did I ask her to lie about it? No. Did I believe there could be a truthful affidavit? Absolutely.

Now that's all I know to say about this. I will continue to answer your questions as best I can.

Q. You're not going back on your earlier statement that you understood you were sworn to tell the truth, the whole truth and nothing but the truth to the folks at that deposition, are you, Mr. President?

A. No, sir, but I think we might as well put this out on the table. You tried to get me to give a broader interpretation to my oath than just my obligation to tell the truth. In other words, you tried to say even though these people were treating you in an illegal manner and illegally leaking these depositions, you should be a good lawyer for them. And if they don't have enough sense to ask a question, and even if Mr. Bennett invited them to ask follow-up questions, if they didn't do it, you should have done all their work for them.

I will admit this, sir. My goal in this deposition was to be truthful, but not particularly helpful. I did not wish to do the work of the Jones' lawyers — counsel is fully aware — it's page 54, line 5. Counsel is fully aware that Ms. Lewinsky is filing an affidavit, which they were in possession of, saying that there was absolutely no sex of any kind in any manner, shape or form with President Clinton. That statement was made by your attorney in front of Judge Susan Webber Wright.

A. That's correct.

Q. Your — that statement is a completely false statement. Whether or not Mr. Bennett knew of your relationship with Ms. Lewinsky, the statement that there was no sex of any kind in any manner, shape or form with President Clinton was an utterly false statement. Is that correct?

A. It depends upon what the meaning of the word is means. If it means is, and never has been, that's one thing. If it means, there is none, that was a completely true statement.

Q. I want to go back to some questions about Mr. Jordan and touch a little bit on the December 19 meeting and some others. Mr. Jordan is a long-time friend of yours, is that correct, Mr. President?

A. Yes, sir. We've been friends probably 20 years, maybe more.

Q. If Mr. Jordan has told us that he visited you in the residence on the night of the 19th after a White House holiday dinner to discuss Monica Lewinsky and her subpoena, would you have any reason to doubt it?

A. No, I've never known him to say anything that wasn't true. And his memory of these events, I think, would be better than mine, because I'm sure he knew them better than I do. He was a lot of other things going on.

Q. We have WAVEN records that will show that. But in the interest of time, I'm not going to show you, since you don't dispute that, I'm not going to show them right now.

And in fact, that was the very day Monica Lewinsky was subpoenaed, wasn't it? That's the night she came to see you?

A. I don't have independent memory of that, but you would probably know that. I mean, I'm sure there's a record of when she got subpoenaed.

Q. If Mr. Jordan has told us that he spoke with you over the phone within about an hour of Monica receiving her subpoena and later visited you that very day — right — at the White House to discuss it again, you'd have no reason to doubt him, that is correct?

A. Well, I have a question regarding your definition. And my question is, is oral sex performed on you within that definition as you understand it?

A. As I understand it, it was not, no.

Q. The grand jurors would like to know what the memory of the law is — what legal basis you've got for your definition.

A. Well, I understand that the law is — what legal basis you've got for your definition.

Q. Let me switch the topic and talk to you about John Podesta and some of the other aides you met with and spoke to after this story became public on January 21st, 1998, the day of the Washington Post story.

Do you recall meeting with him around January 23rd, 1998, Friday a.m. to do what?

A. I understand that he was within that definition or outside that definition, I'd be happy to try to answer that.

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The Clinton Testimony

Continued from Page 8

not recall saying anything like that in connection with her testimony. I could tell you what I do remember saying, if you want to know. But I don't — we might have talked about what to do in a non legal context at some point in the past, but I have no specific memory of that conversation.

I do remember what I said to her about the possible testimony.

Q. You would agree with me, if you did say something like that to her, to urge her to say that. But I don't — we might have talked about what to do in a non legal context at some point in the past, but I have no specific memory of that conversation.

A. I didn't say they were evil. I said what they were doing was wrong, and was.

Q. Wouldn't that be misleading?

A. Well, again, you are trying to get me to characterize something that I — that I don't know if I said or not, without knowing whether the whole, whether the context is complete or not. So, I would have to know, what was the context, what were all the surrounding facts.

I can tell you this: I never asked Ms. Lewinsky to lie. The first time that she spoke with me the possibility that she might be a witness or I told her — you suggested the possibility in this December 17th timeframe — I told her she had to get a lawyer. And I never asked her to lie.

Q. Did you ever say anything like that, I you can always say that you were coming in to see Betty bringing me letters? Was that part of any kind of a, anything you said to her or a cover story, before you had any idea she was going to be part of Paula Jones?

A. I might well have said that.

Q. Okay.

A. Because I certainly didn't want this to come out, if I could help it. And I was concerned about that. I was embarrassed about it. I knew it was wrong. And, you know, of course, I didn't want it to come out. But —

Q. But you are saying that you didn't say anything — I want to make sure I understand. Did you say anything like that once you knew or thought she might be a witness in the Jones case? Did you repeat that statement, or something like it to her?

A. Well, again, I don't recall, and I don't recall whether I might have done something like that, for example, if somebody says, what if the reporters ask me this, that or the other thing. I can tell you this: In the context of whether she could be a witness, I have a recollection that she asked me, well, what do I do if I get called as a witness, and I said, you have to get a lawyer. And that's all I said. And I never asked her to lie.

Q. Did you tell her to tell the truth?

A. Well, I think the implication was she would tell the truth. I already told you that I felt strongly that she could issue, that she could execute an affidavit that would be factually truthful, that might get her out of having to testify. Now, it obviously wouldn't if the Jones people knew this, because they knew that if they could get this and leak it, it would serve their larger purposes, even if the judge ruled that she couldn't be a witness in the case. The judge later ruled she wouldn't be a witness in the case. The judge later ruled the case had no merit.

So, I knew that. And did I hope she'd be able to get out of testifying on an affidavit? Absolutely. Did I want her to execute a false affidavit? No, I did not.

Q. If Monica Lewinsky has stated that her affidavit that she didn't have a sexual relationship with you is, in fact, a lie, I take it you disagree with that?

A. No. I told you before what I thought the issue was there. I think the issue is how do you define sexual relationship. And there was no definition imposed on her at the time she ex-

ecuted the affidavit. Therefore, she was free to give it any reasonable meaning.

Q. And if she says she was lying —

Q. Under your common sense ordinary meaning that you talked about earlier, Mr. President, that most Americans would have, if she says sexual relationship, saying I didn't have one was a lie because I had oral sex with the President, I take it, you would disagree with that?

A. Now, we're back to where we started and have to invoke my statement. But, let me just say one thing. I've read a lot, and obviously I don't know whether any of it's accurate, about what she said, and what purpose to be on those tapes.

And this thing — and I searched my own memory. This reminds me of some extent, of the hearings when Clarence Thomas and Anita Hill were both testifying under oath. Now, in one rational way, they could not have both been telling the truth, since they had directly different accounts of a shared set of facts. Fortunately, or maybe you think unfortunately, there was not special prosecutor to try to get after one or the other of them, to take sides and try to prove one was a liar.

And so, Judge Thomas was able to go on and serve on the Supreme Court.

What I learned from that, I can tell you that I was a citizen out there just listening. And when I heard both of them testify, what I believed after it was over, I believed that they both thought they were telling the truth.

This is — you're dealing with, in some ways, the most mysterious areas of human life. I'm doing the best I can to give you honest answers.

Q. Mr. President —

A. And that's all I can say.

Q. I'm sorry.

A. And, you know, those people both testified under oath. So, if there's been a special prosecutor, they could, one of them could have gone after Anita Hill, another could have gone after Clarence Thomas. I think God there was no such thing then, because I don't believe that it was a proper thing.

Q. One of —

A. And I think they both thought they were telling the truth. So, maybe Ms. Lewinsky believes she's telling the truth, and I glad she got her mother and herself out of trouble. I'm glad you have her swearing immunity. I'm glad for the whole thing. I, I — it breaks my heart that she was ever involved in this.

Q. I want to go back to a question about Vernon Jordan. I want to go back to late December and early January, late December of '97 and early January of '98. During this time, Mr. President, you are being sued for sexual harassment by a woman who claims, among other things, that others got benefits that she didn't because she didn't have oral sex with you. While this is happening, your powerful friend, Vernon Jordan, is helping to get Monica Lewinsky a job and a lawyer. He's helping to get a job and a lawyer for someone who had some kind of sex with you, and who has been subpoenaed in the very case, the Jones case.

Don't you see a problem with this? Didn't you see a problem with this?

A. No. Would you like to know why?

Q. Isn't that why — I would. But isn't that when Vernon Jordan asked you on December 19th whether or not you had sexual relationships with Monica Lewinsky and why he asked her, because he knew it would be so highly improper to be helping her with a lawyer and a job if, in fact, she had had a relationship with you?

A. I don't know. I don't believe that at all. I don't believe that at all, particularly since, even

if you look at the facts here in their light most unfavorable to me, there is no suggestion that there was any sexual harassment on my part. And I don't think it was wrong to be helping her. Look —

Q. A subpoenaed witness in a case against you?

A. Absolutely. Look, for one thing, I had already proved in two ways that I was not trying to influence her testimony. I didn't order her to be fired at the White House. I could have done so. I wouldn't do it. She tried for months to get in. She was angry.

Secondly, after I —

Q. Wasn't she kept —

A. After I terminated the improper contact with her, she wanted to come in more than she did. She got angry when she didn't get in sometimes. I knew that she might make her more likely to speak, and I still did it because I had to limit the contact.

And thirdly, let me say, I formed an opinion further. Monica talked to you in that phone conversation that told you that she had just met with her attorney that Mr. Jordan arranged with her, and the attorney said that if she is deposed that they were going to ask her how she got her job at the Pentagon. And Monica then asked you, what do you think I should say, how did I answer that question, how did I get the job at the Pentagon. Did you talk to Monica about that, about possibilities —

A. I didn't believe — no. I don't remember her asking me that. But if she, if she had asked me that, I would have told her to tell the truth. I — and I didn't, you know, I don't know exactly how's he got her job at the Pentagon. I know Evelyn Lieberman wanted to transfer her out of the job she has, and somebody must have arranged that. But I didn't arrange it.

Q. Now, that's actually not my question. My question is whether you remember talking to Monica about her being concerned that, I may have to answer some questions about how, and I may have to — I mean, I may have to leave the White House, fearing that this would —

A. No, I don't remember that at all.

Q. — lead to questions, or answers that would reveal your relationship?

A. Oh, no, sir. I don't remember that. Maybe somebody — maybe she did. But I only remember — well, I don't remember that. That's all I can tell you. I don't remember that.

Q. Are you saying, Mr. President, that you did not then say to Ms. Lewinsky that you could always say that people in Legislative Affairs got you the job, or helped you get it?

A. I have no recollection of that whatever.

Q. Are you saying you didn't say it?

A. No, sir. I'm telling you, I want to say I don't recall — I don't have any memory of this as I sit here today. And I can tell you this, I never asked her to lie. I never did. And I don't have any recollection of the specific thing you are saying to me.

Now, if I could back up, there were several times when Monica Lewinsky talked to me on the telephone in 1996, in person in 1997, about her being concerned about what anybody would say about her transfer from the White House to the Pentagon. But I remember no conversation in which she was concerned about it for the reasons you just mentioned.

And all my memory is, she was worried about it because she thought it would keep her from getting a good job down the road, and she talked to me about it constantly in 1997.

Q. Did you ever tell Ms. Lewinsky, or promise to her that you would do your best to get her back into the White House after the 1996 Presidential election?

A. I'm trying to remember when the last time I talked to her was. I'm aware, sir, that she signed this affidavit about this time, sometime in the first week in January. I may have talked to her before she did it. I don't know. I talked to her a number of times between the time Betty's brother died and Christmas. Then I saw her on December 28. I may have talked to her, but I don't remember the specific conversation.

Q. And you would have talked about the — she had just given you a gift actually in early January, a book on the Presidents of the United States. And you discussed this with her and she said that you said you liked it a lot.

A. I'm not sure that I do remember that. But, go ahead.

Q. This is in early January. And then Betty Currie relayed this to you that Monica called, it's very important, she needs to talk to you before your deposition. Do you remember talking to Betty Currie about Monica, who had just called her and said that she, Monica, needed to talk to you before she signed something?

A. I'm not sure that I do remember that. But, go ahead.

Q. O.K. Let me draw your attention to early January of this year, after Christmas, before your deposition. Do you remember talking to Betty Currie about Monica, who had just called her and said that she, Monica, needed to talk to you before she signed something?

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TUESDAY, SEPTEMBER 22, 1998

EDITORIALS/OPINION

Herald Tribune
INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST**The Holbrooke Holdup**

The typically slow pace of the internal vetting of yet another would-be high official of the Clinton administration, in this case Richard Holbrooke, the president's choice for chief representative to the United Nations, is dismaying. It is an executive-branch affair; the Congress has no responsibility for the delay, notwithstanding President Bill Clinton's tirade and since-withdrawn claim to the contrary. But an investigation of conflict-of-interest charges has been going on for four months, and major matters are unfolding at the UN without the full American representation these issues demand.

True, there is a strong public interest in ensuring that officials are conflict-free. That requires the government to check carefully, and officials to accept some intrusion and delay. But the specific circumstances at play here must be considered. Mr. Holbrooke is a veteran diplomat who has been in and out of government enough times to be familiar with the rules of federal conflict-of-interest law. The particular items that have become the subject of inquiry

in the State and Justice departments apparently involve his initial failure to report as a gift his use of a Washington house and the making of official appointments for foreign business clients at a time when he was at once a private citizen and a special diplomatic envoy. Must it take months to sort these out?

There can be no prejudging of the allegations leveled against Mr. Holbrooke. It bears noting, however, that they are the product of an anonymous source. The result is a situation in which one of the most talented and renowned diplomats of his time — someone who also is known as a bruiser in internal bureaucratic battles — finds his integrity being questioned, his affairs examined and his next post withheld on the basis of accusations whose maker will not come forward to acknowledge them.

At the very least, Mr. Holbrooke is owed a speedy resolution of the charges. The rest of us are left to ponder how public service and a decent respect for its providers can be combined.

—THE WASHINGTON POST.

Caution on Cambodia

There is reason to believe that at least two of Cambodia's leading political parties may sit down together this week long enough to allow a new parliament session to begin. Given Cambodia's recent history of coups and political violence, any evidence of reconciliation should be welcomed. But others should watch carefully before assuming that a genuine political peace has broken out. Hun Sen has engaged in acts of political intimidation in recent days to the point that any compromise has to be viewed as a product, at least in part, of threats and coercion.

The ugly details are laid out in a recent report from the United Nations secretary-general's special representative to Cambodia, Ambassador Thomas Hammarberg. Since a government crackdown against political demonstrators began Sept. 7, two people have been killed while 16 more bodies have been found, tippling in rivers and irrigation ditches and in shallow graves around Phnom Penh. Several showed signs of torture, and there is good reason to believe that Cambodian security forces were involved in some cases. The whereabouts of many opposition figures — students, monks and others — detained in recent days, are unknown. Mr. Hun Sen has imposed a travel ban on opposition politi-

—THE WASHINGTON POST.

OPINION/LETTERS

Due Process Is Not Meant To Be Applied Selectively

By Fred Wertheimer

WASHINGTON — A Republican House that two years ago leaned over backward to protect the due process rights of its speaker, Newt Gingrich, now is rushing into action in Bill Clinton's case with little consideration of the president's rights.

Leading that House charge is none other than Mr. Gingrich. According to published reports, he is in command of the House impeachment proceedings.

The rapid public release of Mr. Clinton's grand jury testimony before the impeachment proceeding

The release of the videotape was a highly unusual intrusion into the grand jury process.

barely has begun is one example of how the House is treating the president differently on a due process matter than it did Mr. Gingrich.

Releasing the videotape made of Mr. Clinton's grand jury appearance was a highly unusual step and a serious intrusion into the historically secret grand jury process. Mr. Gingrich and others contended last week that the videotape should be released immediately because members of the public were entitled to see it and reach their own conclusions about the president's testimony.

Representative Christopher Cox of California, chairman of the Republican Policy Committee, said, "This is a democracy, and this kind of proceeding must be carried out in public. Let the facts speak for themselves." Representative Asa Hutchinson, Republican of Arkansas, a member of the House Judiciary Committee, said, "We have to let the public join in the decision-making process."

But if speedy release of the president's grand jury testimony was the fair and appropriate approach for House Republicans to take in the Clinton case, why is it that to this day Mr. Gingrich's testimony to the outside counsel and the House ethics subcommittee that investigated him has not been made public?

The outside counsel in Mr. Gingrich's case found that the speaker

had either intentionally or recklessly failed to comply with federal tax laws and either intentionally or recklessly misled the subcommittee during its investigation of his activities. The latter issue goes to the question of whether the speaker was truthful in dealing with the investigators.

The speaker's two appearances before the subcommittee occurred behind closed doors. The transcripts of his sessions before the outside counsel and the subcommittee were not released. The public could not reach its own conclusion about his testimony.

A similar double standard was applied when Mr. Clinton's attorneys requested an opportunity to review the independent counsel's report before it was filed with the House. That request was denied, and the report was released to the media and the public even before members of Congress had an opportunity to read it.

The House Judiciary Committee chairman, Henry Hyde, Republican of Illinois, a central player in determining whether due process will be afforded the president, argued against any advance opportunity for the president to review the report so that the White House could be prevented from "spinning" its views on the matter.

The House, however, had no problem providing advance notice to Mr. Gingrich when it came



to his case. The speaker and his attorneys received ample opportunity to review the outside counsel's findings prior to the report being made public. On the day the outside counsel's report was made public, Mr. Gingrich was able to release his own rebuttal to the benefit of having seen the outside counsel's findings in advance.

In the speaker's case, advance knowledge of the outside counsel's findings represented due process in the president's case; it represented "spin," to use Mr. Hyde's words.

LETTERS TO THE EDITOR

A Party's Reform Stand

Regarding "Washington Has a Japanese Friend Who Is Threatening Trouble" (Opinion, Sept. 9) by Gregory Clark:

It is not true that the Liberal Party under Ichiro Ozawa is intent on blocking any moves to "rescue Japan's weakened financial system." The public record shows that before and after departing the ruling Liberal Democratic Party Mr. Ozawa has continued to advocate changes needed to reform and rebuild the financial system and the Japanese economy as a whole.

Likewise, it is incorrect to state that the agenda of the Liberal Party in opposing the ruling party's official reform bill is simply to force a lower house election.

The Liberal Party, along with other opposition parties, fundamentally opposes the sort of cynical politicking suggested by Mr. Clark. To the knowledge of the Liberal Party, he carried out no interviews with members of this party in order to compose the article, nor did he attend any press briefings.

YOSHIO SUZUKI
Tokyo

The writer is a member of the International Affairs Committee of the Liberal Party of Japan.

It's Up to the Russians

Regarding "Primakov Is No Short-Timer" (Opinion, Sept. 18) by William Safire:

Mr. Safire's column on Russia

is an excellent diagnosis of what ails that unhappy country, but I find his prescription enigmatic. Any thought of a Western bailout is totally unrealistic.

Mr. Safire correctly identifies one of the three power centers in Russia, as "the oligarchs who stole the state's assets through corrupt privatization and socked away billions outside the country."

Where did those billions of dollars come from? From the International Monetary Fund, from German, Japanese and American banks that made huge loans and deposits in Russia and from investors who funds speculated on an "emerging market."

If the U.S. government, directly

or through the IMF, pours in the hundreds of billions "necessary for a bailout" who will benefit? Only the oligarchs, and the reason is right in Mr. Safire's perceptive column: "Capitalism never had a chance without courts to enforce contracts, and cops to stop corruption." Nor will those fundamental deficiencies be corrected for many generations.

The sad fact is that there is no solution that can be applied by Uncle Sam or other agencies external to Russia. Only the Russian people can build a free and democratic nation with laws under which all are equal.

MICHAEL PALMER
London

If the Republicans who control the House want the public and history to accept the legitimacy and fairness of a process that could wind up with impeachment of a president they politically oppose — but were not able to defeat at the ballot box — they have an obligation to provide due process to Mr. Clinton. So far, they have failed to meet that obligation.

The writer, president of Democracy 21, a public policy group, contributed this comment to *The Washington Post*.

BOOKS

TOMCAT IN LOVE

By Tim O'Brien. 347 pages.
\$26. Broadway.

Reviewed by David Nicholson

HERE for all of you with just enough time to skim the paper as yougulp your morning coffee, is the straight scoop: "Tomcat in Love" is a wonderful novel, laugh-out-loud funny, one of the best books I've come across in years.

Thomas H. Chippering, rogue professor of linguistics and the unlikely hero (a term I use loosely) of this madcap look at the way we love today, embodies a truth not often universally acknowledged: Any man desperately and abjectly enough in love to make a fool of himself has invariably chosen the wrong woman for a wife.

His wife, or ex after 20 years of marriage, is Lorna Sue, the light of Chippering's life, the fire of his forty-something loins. Well, sort of. Shortly after their marriage, Lorna Sue began to insist she sleep in separate bedrooms.

But that doesn't mean they didn't once have great sex. On the eve of their first time, when Thomas H. goes to pick her up (they're still in high school), he tells us how he finds her family — Ned, her father; Velva, her mother; Earleen,

her grandmother; and a "a half-dozen aunts and uncles" waiting, all "grinning and gaping at me."

Any sane man confronted with this gauntlet of loony relatives, and the sight of Lorna Sue, hair "freshly braided, each long plait decorated with such items as tie ticks, feathers, and what appeared to be Cracker Jack prizes," would mumble some excuse and run for his life.

But our Thomas doesn't. Instead, he and Lorna Sue proceed to a remote cornfield (the setting is Minnesota). Undressing his beloved in the back seat of his father's Pontiac, he discovers she's "wearing mesh stockings hooked to a wire belt of some sort (and) lower, at hip level... a number of wires and metallic flaps and what seemed to be a curtain of Christmas tree tinsel..."

"Lorna Sue smiled. 'Sexy, don't you think? My mother made it.'"

He marries her, of course. And lives more or less contentedly until the day Lorna Sue's brother, Herbie, reveals the existence of Thomas's black book, a ledger in which he chronicles his amorous encounters with various women: "Hand-holdings: 421. Nuzzlings: 233. Valentines: 98. Marriages: 1. Meaningful gazes: 1,788. Home runs: 4. Near misses: 128." Which prompts Lorna Sue to announce that she's leaving him

for the real estate tycoon they'd met on the beach vacationing in Florida a short while before.

There's just too much going on in this novel for me to attempt to summarize it. Suffice it to say that Thomas and Mrs. Robert Kooshof (though he soon begins to think himself falling in love with her, he can never remember her first name) fly to Tampa, where he sets in motion a plan — it involves lingerie, S&M gear, calls to the police and the clear implication that Lorna Sue and Herbie are involved in an incestuous relationship — designed to return Lorna Sue to him.

It doesn't work. Near the middle of the book, everyone Tom has tried to get a rise out of converges and they all come after him — the honors thesis coeds, the nameless tycoon, Lorna Sue and Herbie.

Often infuriating, but never boring, Thomas H. Chippering in the end does wind up a hero of sorts. And the book that chronicles his journey to a kind of wisdom is a marvel. It's a wickedly accurate portrait of obsessive love that manages to be both fiercely comic and profoundly moving.

David Nicholson, a Washington writer, reviews books regularly for *The Washington Post*.

CHESS

By Robert Byrne

THE prevalent view among organizers of chess as a television spectacle is that the rate of play should not be five minutes for each player for all moves because that's too speedy for the audience to take in. Also, it should not be the full tournament rate of 40 moves in 2 hours per player because that could add up to a four-hour session, longer than the average viewer can devote to it.

A popular compromise is one hour for each player for all moves. This was the regulation in effect for the West German Broadcasting Challenge Game, which was televised on Aug. 6 from the company's Cologne studios. Two of the world's strongest grandmasters, Vladimir Kramnik of Russia and Michael

Adams of England, were the participants. There was an added condition: White had to win, whereas Black would be credited with victory if he made a draw. A spirited battle ended suddenly when Adams blundered in time pressure.

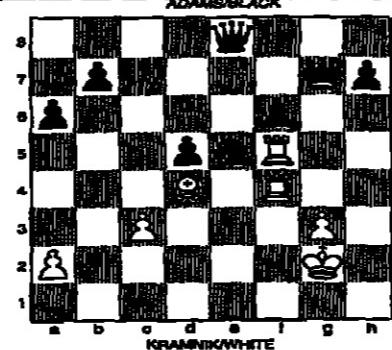
The Classical Variation against the Nimzo-Indian Defense, 4.Qc2, typically aims for the bishop pair with 5.a3 Bc3 6.Qc3, thus avoiding doubled pawns and looking toward a quiet maneuvering game. But the rare, super-aggressive line in the center with 5.e4 turns this picture upside-down: it has been thought premature because it does not dislodge Black from the vigorous counterattack with 5...d5 6.e5 Ne4 7.Bd3 Qe5?

But 8.c3 d9 Ng2 was an improvement by Maya Chiburdanidze (over 8.d3) in her game with Alisa Marin in Belgrade in March. After 9...e5 Nd7 11.Qd4 Qb4 12.g3 Adams could not play 12...Ng3? because 13.Qf2 Ne5 14.Bc2 wins the pinned knight.

After 10.Nd4, Adams could have tried 10...Qc7, but following 11.f4 Bc3 12.bc Qc3 13.Qc3 Ne5 14.Ba3 Rg8 15.Rc1 Ne4 16.f5, White would have strong positional compensation for the sacrificed pawn.

On 12...Qh3, Kramnik was not interested in winning a pawn by 13.Bc4 de 14.Qe4 because 14...Ne5 15.Qc2 f6 16.Bc3 fe 17.e6 Bg4 gives Adams powerful positional pressure on the light squares of the kingside.

Adams's 15...Be3 16.bc gave Kramnik a backward c3 pawn and his 16...Bh3 compelled the exchange of the white king bishop. Kramnik could not afford to wait; he started a kingside attack at



Position after 39...Qe8

on 12...Qh3?

Kramnik's 20.Rf1 threatened to trap the queen with 21.Nf5 and thus forced a breakup of the black kingside.

Adams could not capture with 25...Kg7? because 26.Bd4 Rf7 27.Ng5 Rf6 28.Rf5 yields Kramnik a winning attack. But his clever sacrifice of rook for knight with 25...Rh6! enabled him to start a counterattack.

On 30...Ne5, Kramnik might have tried 31.Qf4!, when he could have answered 31...Qe6 by 32.Bd4

After 31.Qf3, Adams revealed his ingenious plan of defense with 31...Qe6 32.Rd4 Ng3 33.hg Rh6 34.Qb6 Qh6, winning the white queen and thereby reducing Kramnik's attacking chances.

After 39.Rf4, the game should probably end in a draw, but Adams blundered in time pressure with 39...Qe8? and had a lost game at once after 40.Rf6.

After Be5, Kramnik was a piece ahead and Adams gave up.

Cheers for the First Lady From a Fellow Survivor

By Margarita Papandreou

A THENS — Dear Hillary,

As a former first lady who confronted a similar situation in my life, I feel immensely close to you. I know the ache, the tears, the sleepless nights, the rage...

In my case it was an affair with an airline stewardess. The story traveled around the world.

MEANWHILE

embellished with fake photographs of the younger woman. My husband was prime minister of Greece at the time.

"Don't you feel humiliated?"

people asked. My answer was no, the humiliation belonged to those who were responsible for behaving in such a fashion and to those who chose to use it for political purposes or for marketing their products — talk shows, tabloids, the mass media in general.

The fact that the situation was exploited by others does not take away from the people whose main responsibility it was, in this case our husbands. The women involved have some responsibility, but only to their own conscience and sense of morals. The men in power have a responsibility to their families, friends and coworkers, to the voters, to their office. From the time they decided to get into public life, their private lives were open to scrutiny.

Here is where both of them made a mistake, not realizing and remembering that they lived in glass houses. They failed to respect their offices and the people who elected them.

On the other hand, we know to be human is to err. And, unfortunately, there is a long list of heads of state throughout the world who erred, and one should add, a long list of adulterous men.

Men in power have more opportunities; they attract the female sex like ants to a honey spill. They themselves forget that they are mere mortals. They are convinced they live somewhere else in a realm closer to the gods. This is the blindness of power. I am making statements from my personal observation. The truth is it is hard to understand the male psyche.

What is a remarkable is the reaction of the people. And it is the people who are the ultimate judge. No independent investigators, no legislatures can set themselves up

to make judgments on personal behavior that is not criminal.

Moral behavior in private life is between a man and his family, a man and his God. But private behavior in a public role can and should be judged by the people who put him there. They say it is not just the sex. He lied. Yes, he did what all husbands do when caught in an extramarital affair. They lie.

At the same time, we have this great presence in the U.S. House of Representatives that all its members will judge in a nonpartisan fashion. Isn't that an ethical stain?

Isn't it hypocrisy? Isn't it lying?

Henry Hyde, the chairman of the House Judiciary Committee, said that the Star referral should not be given to the White House first because it would be used for public relations. And so what? Persuasion is the prime tool of democracy; public relations are an integral part of the system. Mr. Hyde was making a partisan statement. The people are not dumb. They understand.

What I want to say, Hillary, is that you have your head on straight. You not only carry yourself with decorum and dignity, which is a tribute to womanhood everywhere, but you know what is important and what is unimportant.

In a world where poverty affects over two-thirds of the population, in a world where and men kill women out of suspicion of "immoral" behavior, in a world full of regional wars, in a world where our precious children are cut on the street, neglected, we cannot spend time worrying about something that did not even fall into the category of sexual harassment.

And that is what most of the people of America, the people of Greece and most of the people of the world are saying — why all this furor? The man has repented. His punishment is to have lost his prestige. It is a vital lesson to those who enter public life.

So let's get on with the job of governing; let's get on and do something about the correction of drastic social inequalities, of the injustices people endure, of unemployment, poverty and violations of human rights. Those are the things that truly concern us.

The writer contributed this comment to *Global Viewpoint* (Los Angeles Times Syndicate).

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Fast-Forward American Designers Show Their Colors

By Suzy Menkes
International Herald Tribune

NEW YORK — It was billed as a shoot-out between the Americans and the Europeans, with Manhattan's designers quick on the draw.

For the first time, the New York collections moved fast-forward to the beginning of the international fashion season, instead of running after London, Milan and Paris. So last week, key American designers had a chance to show their colors. That is what they did — and all they did.

Sweet, soft shades of peach, melon, powder blue and celadon green in paper-light fabrics made a pretty look for the next summer season from Donna Karan. In a sportier style, Calvin Klein threw down colors that were bold and bright — sharp green, acid yellow, turquoise and orange sherbet — often layered together to increase the impact.

Since both designers usually favor black and other neutrals, it was a revolution of sorts. But the excitement surrounding the sudden decision of a handful of designers to advance the New York shows to September from November didn't really live up to the hype.

And even the catalyst of change, the Austrian designer Helmut Lang, who has decamped to New York, didn't make any new statement, although he gave a fine performance. In this part of the New York showings, for fashion fireworks, read damp squib.

Karan's show was a candy-colored dream — all swooshing, tornado-twisted long skirts that are never going to make it to the office and covetable, featherlight sloppy sweaters on the same sugared-almond palette.

The escapist looks, which dominated the show, took Karan far from her original role as creator of user-friendly clothes, but it was in keeping with the more spiritual side she has developed recently. Shown with flat shoes, skirts made out of "laundered" taffeta (read wrinkled bed linen) or with elastic smocking, the look was West Coast — perfect for a starlet who is searching for her soul or an artsy woman who has lost her waist.

"It was about doing color in a light way — I wanted it to float," said Karan.

Interspersed with all this sweetness and light were more realistic clothes: easy, unstructured pieces in light wool or cotton, which included pantsuits with jackets laser-cut to eliminate edges and linings.

Klein pulled off a more coherent show, taking sportswear as the key, but using it to unlock some unusual ideas. Thus a hefty zipper was used at the side of a skin to create a wrap and drape effect or a low-slung waistline turned over as a flap. Unlike the complicated folds Klein had previously used to take minimalism fast forward, these effects were streamlined, from faint graphic patterns like scattered matchsticks through the unusual mixes of linen voile with stretch jersey. The silhouette was of loosened body shapes, say a blouson jacket or soft pants, that were sharpened up with crisp fabrics and metallic heels.

BUT what about Klein's abandonment of his ultraquiet palette for color? Make that COLOR. Like a mineral-water drinker overdosing on alcohol, the piping of green lines on a skirt soon turned into head-swimming mixes of bile green with red and orange.

"I'm really stepping out," said Klein. "For me to do color — for me to do turquoise and yellow — isn't easy. But it just felt right even if in the end, I prefer black, white and beige."

It looked like Klein was trying too hard, especially when the techno colors appeared as layered dresses in opaque jersey, circling the underarm like the geometric cutouts of the British designer Hussein Chalayan. Yet the overall effect of the show was sleek and slick.

Lang, a designer who has been on the cutting edge throughout the 1990s and is the quintessence of cool, was the puzzle of the week. For both sexes, he defined a new shape of pants, endorsed sharp, knee-length coats, experimented with modernist materials and was the first to



promote the first principle of 1990s fashion: that design is in the details.

Yet here he was, showing for the first time on the runway in New York, and he just did what he does all over again. Of course, that is pretty good stuff. The coats were precise and perfectly proportioned, especially in intriguing fluffy brushed silk, with the same hairy texture reappearing at the waistband.

Compared with the cool luxury Lang has been showing recently, this collection was more streetwise in spirit, with its biker belts, padded elbow and knee pieces and mean leather pants. Perhaps it was a downtown New York inspiration. But urban looks have been around a while and both Lang and fashion seem to have been there, done that.

"I wanted it to be sophisticated, but a little bit eccentric, not always minimalist, and to do what we always do but with relaxed pieces," said Lang.

So there were familiar sheet tank tops and dresses, layered and taking the blush pink of Lang's previous collections into deeper shades that bled through to create a dyed-in-the-kitchen-sink effect. Pink hair and high heels gave the look an edge. But for all the great clothes, that edge seemed blunted.

But at least Lang was feeding off his own aesthetic, compared to a designer like Marc Eisen, whose collection just followed all the trends from scrims on the runway, to asymmetrical dresses and draping hem. Add to that the pretension of dragging the fashion flock to the outer reaches of Manhattan and talking about inspiration from the modern sculptor Anish Kapoor.

In her lower-priced DKNY line, Donna Karan also seemed to be touching base with current trends, although she carried through from her main collection the sorbet colors and made cropped pants or satin skirts with tulip tops seem fresh. Sophisticated sportswear was the message at CK, where Calvin Klein's drawstring tops and low-waist dresses came in high-tech fabrics and with strong color, like pimento red, used judiciously.

The international collections continued in London this week, followed by Milan and Paris next month, with the rest of New York's designers including Bill Blass, Ralph Lauren, Isaac Mizrahi and Oscar de la Renta — showing in November.

The new scenario of America First is likely to become a fixture of the calendar, with all New York designers showing in February for next season.

Why? The theory is that the early bird catches the attention and the big budgets of the buyers and that designers are better equipped to make early deliveries. Yet, since the rise of cable television, the shows are beamed directly to the public, so the clothes should logically be shown when they are hitting the stores.

There was something off-key about watching floaty, colorful summer 1999 clothes — when this year's vacations are barely over and the windows of Bergdorf Goodman are coated with fall's favorite gray flannel.



Helmut Lang's layered tank top and skirt with elbow pad and knee pads, top left; Donna Karan's sloppy sweater and washed taffeta skirt; Calvin Klein's side-zipped apron effect over dress. At far left, Lang's tailored coat, biker belt and narrow pants; DKNY's cotton jacket and cropped pants, and Marc Eisen's checked shirt jacket and long skirt.

CROSSWORD

ACROSS

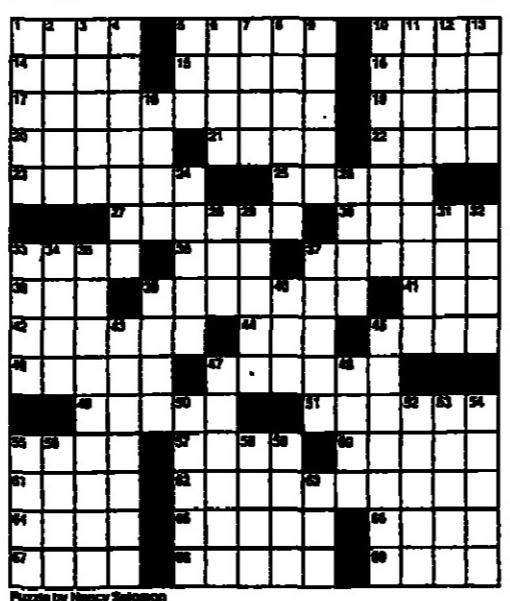
- 1 Part of P.T.A.: Abb.
- 3 Make sense
- 10 St. Thomas or St. Martin
- 14 It's hard for some people to carry
- 15 Dough
- 16 N.Y. Met or L.A. Dodger, e.g.
- 17 What's dessert?
- 18 Fly high
- 19 Ho ho ho
- 21 Dried up
- 22 There's no free ride on these highways
- 23 Key task?
- 24 Faible fellow
- 27 Row, Row, Row Your Boat and others
- 33 Check for fit
- 34 Prepare for a rainy day
- 36 Bud's buddy
- 37 Disco spinner
- 38 Prop in slaps tick
- 39 Campy's snack food?

DOWN

- 1 Trip to the plate
- 2 Rude and sullen
- 3 Be a busybody
- 4 Recently employed worker
- 5 Diplomat: Abb.
- 6 Bucket mate
- 7 Fuss over, with "on"
- 8 Extremists
- 9 Mine find
- 10 Shows stability, in a way
- 11 Hit like Hailstone
- 12 Numero uno
- 13 Free-for-all
- 14 Western howler
- 15 Blender master
- 16 Lite Joe Average
- 17 From pillar to —
- 18 Televises
- 19 Bid the bed adieu
- 20 — in a blue moon
- 21 Sawyer's beef?
- 22 Start of "Doctor Zhivago"
- 23 Leg bone
- 24 Life-or-death measure: Abb.
- 25 The lady's like snakeskin
- 26 Madam's men
- 27 Mine find
- 28 Shows stability, in a way
- 29 Pecc's sandwich?
- 30 Faucet failure
- 31 Screens up
- 32 Billboard: Prefix
- 33 Pasties
- 34 Stem's opposite
- 35 — won't be afraid ("Stand by Me" lyric)
- 36 Flying elephant
- 37 They fit in locks
- 38 Nikita's "no"
- 39 Junk E-mail
- 40 Glorified golfer
- 41 Wide's extra?
- 42 Popular pencil brand
- 43 Let it be, editorially
- 44 Newborn, for one
- 45 Brothers à la baby brother
- 46 They may be black and blue
- 47 Siskel or Ebert
- 48 Warty-skinned critter
- 49 Bridge positions
- 50 Home of the N.B.A. Heat
- 51 "Lou Grant" star
- 52 Salacious looks
- 53 Christopher Robin's pal

Solution to Puzzle of Sept. 21

**ALEG DIAL SWAMP BAJA
DIAL TIBIA EVIL
AERO ALIST LEVI
MULTIPLE CHOICE
HOLY ENE
BOVINE ACT OF GOD
ARENA IN AIR AMA
SONG ABORE MEEK
INA SPODE HELGA
COLLAPSE QUASAR
AFR CULT
NONE OF THE ABOVE
GOAD VIRUS ALSO
ANKH ARENT LION
SOSO LEEKS LOPS**



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SHOPWATCH

Fifth Avenue's Retail Renaissance

International Herald Tribune

NEW YORK — From carriage to tourist trade — that is the evolution story on Fifth Avenue, which is having yet another retail renaissance.

Hard on the heels of Middle America, which lined the sidewalk at the Warner Brothers and Disney stores and goes gawping at Nike Town and buys basketball memorabilia, come overseas visitors with a taste for designer names.

Last week, Prada of Milan opened a 16,000-square-foot (1,440-square-meter) store — a vast pale green space on three floors — at 724 Fifth Ave., adjacent to the Fendi fur store and across the block from Tiffany. Significantly, Prada, which planted a flagship on Madison Avenue two years ago when that shopping street was red hot, believes that there is a different market on Manhattan's most famous avenue.

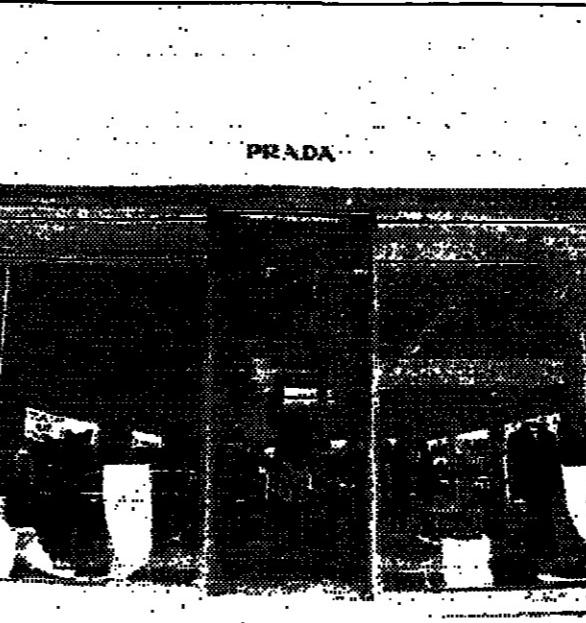
So does Giorgio Armani. A series of

women singers performed for guests at last Tuesday's opening party for A/X Armani Exchange on Fifth Avenue at 51st Street, where a massive metallic door opens on the sporty, casual range of the Italian designer. He already has two stores on Madison: a flagship and an outlet for the Emporio Armani line.

Now that the art galleries are moving to Chelsea, SoHo is becoming an upscale shopping area, with the beauty-store Sephora newly opened on Broadway, near the cluster of designer boutiques for Helmut Lang, Anna Sui and Vivienne Tam.

Until now, international designers mostly put their lower-priced secondary lines in SoHo, like Dolce & Gabbana's D&G store on West Broadway and Prada's Miuccia Prada on Prince Street. But with Vuitton's splashy arrival, it is no surprise to learn who's next. At the end of the month, Prada will open on Wooster Street a store dedicated to its new sports line.

Suzy Menkes



Prada's new store at 724 Fifth Ave. and A/X Armani Exchange on Fifth at 51st Street.

CURRENT

TUESDAY, SEPTEMBER 22, 1998

PAGE 13

5 Carriers Plan to Form 2d-Largest Air Alliance

By Barry James
International Herald Tribune

PARIS — Five major airlines announced Monday that they would establish the world's second-largest airline alliance and held out the prospect that other companies would join soon.

The move is led by American Airlines and British Airways, which already have a deal in the making to cooperate on trans-Atlantic traffic.

The alliance also includes Qantas Airways Ltd. of Australia, Canadian Airlines Corp. and Cathay Pacific Airways Ltd. of Hong Kong, which is associated with another carrier, Dragonair, that serves destinations in China.

The alliance, which will be marketed under the name oneworld, also hopes to include Iberia Air Lines of Spain — giving it access to the growing Latin American market — as well as Finnair and Japan Air Lines, executives said at a news conference in London.

Iberia said it wanted to join. But a spokesman for Japan Air Lines said it would not join but would stand by bilateral agreements it already had with members of the new alliance. The grouping will be second in size to the Star Alliance, which is headed by United Airlines and Lufthansa German Airlines and includes Air Canada, Scandinavian Airlines System, Thai Airways International PLC and Varig Brazilian Airlines.

Alliances among airlines are an alternative to mergers in an industry that

still is heavily regulated in much of the world and is widely ruled by agreements between governments.

The oneworld deal does not entail any exchange of equity, the airlines said, and the participating airlines will keep their separate identities, as is the case with the Star Alliance.

The airlines contend that alliances save them money by eliminating duplication of ground services, enable them to set up far-flung hubs and provide passengers a so-called seamless service from point to point. They also hope to catch and hold passengers by exchanging the benefits of their frequent-flier programs.

Critics counter that the alliances are a form of monopolization. Already more than half of all airline passengers fly on a carrier belonging to one of the four current major alliances, and more than half of the world's jet fleet is operated by just 17 airlines.

A spokesman for Virgin Atlantic Airways Ltd., which has been battling the line between British Airways and American Airlines, characterized oneworld as "one company, one monopoly and millions of ripped-off customers."

At the news conference in London, none of the executives from the five companies in oneworld would pledge that the deal would lead to lower fares.

The European Commission is concerned that the growth of alliances is undermining the effect of airline deregulation in Europe. It is examining the Star Alliance, and Karel Van Miert, the com-



Klaus Doherty/Reuters
Chiefs of three of the airlines in the new alliance at the news conference.

misioner in charge of competition, said oneworld would be viewed in the same context. This year, Mr. Van Miert also said he would investigate another airline line, the European Quality Alliance, on suspicions that it had established what he called a "closed shop" on some routes.

The alliance consists of Swissair Delta Air Lines, Austrian Airlines and Sabena Belgian World Airlines.

KLM Royal Dutch Airlines and Northwest Airlines are the principal partners in the fourth major alliance.

European and international airlines argue that they need links with major

American carriers to tap the U.S. market. But the European Commission says alliances allow U.S. airlines to extend their hub system to Europe while restricting competition in the EU by signing "open skies" agreements with individual European governments.

The proposed alliance between American and British Airways remains on hold while Washington and London negotiate an open-skies treaty. U.S. authorities also are examining the large alliances after receiving reports that fares have risen by as much as 70 percent on routes dominated by large carriers.

Jittery Banks Lead World Stocks Lower

But U.S. Rebounds on 'Relief' Over Clinton

Compiled by Our Staff From Dispatches

Tension over Japan's shaky finances and profit warnings in Europe sent world stocks lower Monday, although U.S. markets staged a late comeback after the broadcast of President Bill Clinton's grand-jury testimony in the Monica Lewinsky affair.

Financial shares plunged worldwide after Japanese legislators failed to agree on how to solve the bad-loan problem at the country's banks. That raised concern that Japan's recession would deepen, keeping the rest of Asia from recovering and depressing profit growth worldwide.

Most European bourses fell sharply as an array of major companies, led by Philips NV and EMI PLC, issued profit warnings tied to turmoil in emerging markets. (Page 15)

Japan's benchmark Nikkei 225 index fell 2.8 percent to a 12-year low, while Hong Kong's Hang Seng Index ended down 3.7 percent.

Shares fell 3.6 percent in Frankfurt and 3.5 percent in Paris. In the Netherlands, trading was temporarily halted after a 5 percent plunge in the major index in Amsterdam, which closed with a loss of 5.9 percent.

The Dow Jones industrial average finished 37.59 points higher at 7,933.25. The 30-stock index was showing a 184-point decline early in the session on concern that the release of videotapes of Mr. Clinton's testimony about his relationship with the former White House intern might cause political instability in the United States.

"People were concerned about Clinton's testimony, but there was no bombshell there," said Art Micheletti, investment strategist at Baird, Biell and Kaiser of Foster City, California, which manages \$1.1 billion.

"There was a sigh of relief as the Clinton testimony drew to a close," said Mark Minervini, president at Quantech Research Group in New Haven, Connecticut.

Hildegard Zagorski, a stock analyst at Prudential Securities, said while the president's testimony did not appear to disclose anything new, it was piling onto already serious problems elsewhere.

"We're still on the ropes here," Ms. Zagorski said. "You've got problems in

Europe, Japan, Hong Kong, and you have concerns about corporate profits here. It's not a pretty picture."

Analysts said more and more companies will be forced to tell investors profits will miss expectations as Asia's economic malaise slows growth in Europe and Asia.

"Analysts have started shaving most of their forecasts, even in companies that don't have that much exposure," to Asia, said Sharon Coombs, a European

See MARKETS, Page 14

Blair Urges IMF And World Bank To Start Reforms

Bloomberg News

LONDON — Prime Minister Tony Blair called Monday for comprehensive reform of the World Bank and the International Monetary Fund in the face of global market turmoil.

In a speech prepared for delivery to the New York Stock Exchange, Mr. Blair also urged exchange members to "make clear to your legislators" the need to strengthen the resources of the IMF as soon as possible. Mr. Blair spoke in his capacity as chairman of the Group of Seven leading industrial nations.

"Countries must put in place the right policy framework — monetary policy targeted at low inflation," Mr. Blair said. "Sound and sustainable fiscal policies and structural reforms designed to improve the supply side; tax systems that work; strong, properly regulated and fully transparent banking and financial systems."

He said his calls applied "with particular force to Russia" and added that the West must offer the new Russian government a clear deal: if it resumes reforms, then "we must continue to provide financial and technical support."

In Tokyo, Pique Over the 'Scapegoating' of Japan

By Nicholas D. Kristof
New York Times Service

TOKYO — Japan is often seen these days as an insouciant bumbler, fiddling while much of the world's economy burns. But government officials here, grimly plodding the corridors of power, see things rather differently.

As Prime Minister Keizo Obuchi prepares for a summit with President Bill Clinton on Tuesday in Tarrytown, New York, some officials here are irritated at what they perceive as American arrogance and its scapegoating of Japan. They say that Japan tried several times

to grapple with the Asian economic crisis in its early stages, but that each time the United States slapped Tokyo down.

When the crisis was in its infancy a year ago, for example, Japan proposed setting up a \$100 billion fund to help Southeast Asian countries pull through. The United States swiftly killed the idea, sending a humiliated Japan slinking back to its corner.

Now many economists think that Japan's idea should have been tried, and even the United States sounds humble on that point.

"I think we've all learned a lot of

lessons over the last year or so," said Stuart Eizenstat, U.S. undersecretary of state for economic affairs.

"Perhaps with 20-20 hindsight, this was an idea that might have gotten more attention."

Japan was the first major country to pay attention to the crisis unfolding in Thailand in the summer of 1997, and then-Prime Minister Ryutaro Hashimoto tried to get world leaders to discuss the economic instability in Asia at the Denver summit of the leading industrialized nations, two weeks before the crisis exploded into public view.

But no other leader wanted to discuss

what then seemed like an obscure topic.

Then just this month, Mr. Obuchi proposed that leaders of the industrialized countries meet to consult on the Russian crisis and global economic risks. Washington killed that idea, too.

But a few days ago, as the crisis became more serious, Mr. Clinton summoned finance ministers and central bankers from the same countries to discuss those problems.

Japanese officials are not exactly gnashing their teeth, nor do they want to

See YEN, Page 16

Thinking Ahead /Commentary

Why U.S. Must Lead Way on Trade

By Reginald Dale
International Herald Tribune

WASHINGTON — With economic and financial crisis spreading around the world, and signs of a growing backlash against globalization, it might not seem the ideal moment to launch a new drive for freer world trade.

In times of economic trouble, demands are more likely to rise for closing economic and financial borders than for opening them. And the leadership traditionally required from the United States for major new global trade initiative is manifestly lacking.

Not only is President Bill Clinton's future uncertain, but he has anyway put off until next year his request for new fast-track trade negotiating authority — the political touchstone of America's readiness to deal seriously with its partners — in deference to the American labor movement.

But many of the reasons why a new push to open markets is difficult are the very reasons why it is necessary. The history of the last 50 years has shown that at times of mounting economic disruption and protectionism, the best way to keep markets open is to keep the process of multilateral trade liberalization moving forward.

So far in the latest crisis, flirtations with protectionism have been less evident in the commercial than in the financial sector, where the previously

discredited idea of controls on capital movements is suddenly becoming fashionable, at least for troubled emerging nations. But the other shoe will soon drop as the trade impact of the crisis becomes clearer.

There are already straws in the wind. Some Asian countries have already introduced supposedly temporary tariffs to protect their industries, and there are fears that such measures could spread. In Europe, quiet moves are afoot to prolong the so-called voluntary export restraints on Japanese car sales beyond next year, when they are due to end.

In the United States, demands for protection will accelerate as the trade deficit continues to soar, especially when the economy slows and unemployment starts to mount.

But if the world is to pull through the current crisis, it is essential that the major industrial nations keep their markets open. Commitment to a new round of global trade negotiations would be the best way that the United States and Europe — the two largest traders and engines of growth — could demonstrate their readiness to do so.

THERE are legitimate differences over how to proceed. Jeffrey Schott of the Institute for International Economics is proposing an innovative series of trade pacts, or "round-ups," every two years over the next decade. Others would stick to the agenda bequeathed

by the last round of trade talks, the Uruguay Round, under which negotiations on agriculture and services are soon to resume.

The best and most ambitious proposal, for a comprehensive "Millennium Round" to start in 2000, has come from the European Union. Washington, unfortunately, is not yet ready for that.

What is clear is that the new negotiations must cover enough ground to give room for trade-offs not only between countries but also between different interest groups inside each country, and that they should not take too long.

FOR better or worse, the onus is heavily on the United States. Whatever the fate of the Clinton presidency, Washington must take the lead in preparing the next ministerial meeting of the World Trade Organization, which it is due to host next year, starting now.

Another critical test looms in the coming weeks, when congressional Republicans plan to renew the drive to approve fast-track negotiating authority. If the move is defeated, it will send a terrible signal that the United States is not committed to open markets. The world may have to pay a heavy price if Washington fails to assume its leadership responsibilities.

E-mail address:
thinkahead@washpost.com

CURRENCY & INTEREST RATES

Cross Rates		Sept. 21										Sept. 21	
From	To	U.S.	£	DM	FF	DM	DM						
Brussels	U.S.	1.075	1.196	1.227	0.883	1.144	1.027	1.036	1.027	1.036	1.027	1.036	1.027
Frankfurt	U.S.	1.046	1.167	1.202	0.852	1.112	1.005	1.014	1.005	1.014	1.005	1.014	1.005
London (L)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (C)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (D)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (F)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (G)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (H)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (I)	U.S.	1.043	1.164	1.201	0.850	1.110	1.003	1.012	1.003	1.012	1.003	1.012	1.003
Paris (J)	U.S.	1.043	1.164	1.201	0.850	1.110							

an Alliance

Russia Deserves No More Loans, Kohl Says

Compiled by Our Staff From Dispatches

BONN — Chancellor Helmut Kohl of Germany said Monday it was not justifiable to give any more financial aid to Russia in the wake of assertions by Russia's chief auditor that billions of dollars of International Monetary Fund aid had disappeared.

Russia's chief auditor, Vayamin Sokolov, said Sunday in an interview with the British Broadcasting Corp. that billions of dollars from the IMF to support the economy were missing because of incompetence or corruption.

"I can't see any reason to give Russia more money — it wouldn't be justifiable," Mr. Kohl said at a news conference. "It's taxpayers'

money, not our own."

The Bank of Russia halted all currency trading in Moscow on Monday as the ruble tumbled and the central bank bought back defaulted government debt from Russian banks to give them cash.

The central bank said it stopped trading while it decided which banks it would prohibit in turn, from trading to prevent them from spending their cash to buy dollars.

The ruble fell against the dollar for a fifth straight day before trading was suspended, declining 11.5 percent in the first few minutes of the session to 18.5 rubles per dollar at the close.

Russia's central bank has printed almost 1 billion rubles and is-

sued short-term credit to get cash flowing through the banking system, an official said Monday.

Mr. Sokolov, director of Russia's Chamber of Accounts, told the BBC that the Russian Finance Ministry received as much as £100 million (\$168 million) to fund an export program for MiG jet aircraft, but that the agreement did not exist and the money vanished.

This was only a fraction of the money missing, the BBC said.

Mr. Sokolov said he warned the IMF that its loans were being abused.

Mr. Kohl reiterated that Russia would have to meet the conditions laid down by the IMF — to reform its financial system, increase tax

revenue and cut its budget deficit — before more funding.

Germany is Russia's largest single creditor, with an estimated 100 billion Deutsche marks (\$66.8 billion) in private and public-sector loans outstanding.

Mr. Kohl said Germany expected to send experts to Russia in the next two weeks to advise the government on how to restructure the financial system and the economy.

Acting Finance Minister Mikhail Zadornov said Russia must pay 40 billion rubles in arrears to state employees and pensioners by the end of the year and needed 15 billion to 20 billion rubles in monthly revenues for this. (Bloomberg, AP, AFP, Reuters)

Eurotunnel Debt Accord Lifts Results

Compiled by Our Staff From Dispatches

LONDON — Eurotunnel PLC said Monday it had a net profit in the first half as results were lifted by gains from a recent debt restructuring.

The operator of the Channel Tunnel between England and France reported profit after taxes of £143 million (\$240.9 million) for the six months ended June 30.

The figure includes a gain of £273 million from a restructuring of Eurotunnel's debt, largely because of reduced interest expense.

But underlying results also improved, with operating profit rising to £40 million, compared with £6 million a year earlier. After interest charges, Eurotunnel recorded an underlying loss of £130 million, compared with a loss of £235 million a year earlier.

Eurotunnel reported that in the first six months of the year, passenger shuttle traffic was up 82 percent from a year earlier, coach traffic rose 88 percent, and the number of people using the Eurostar train service linking Paris, London and Brussels gained 13 percent.

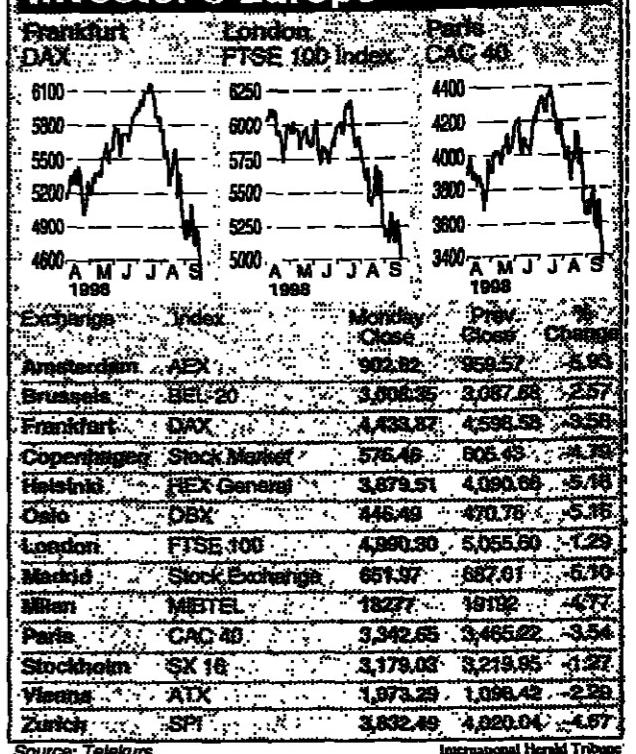
The leap in traffic figures was helped by comparisons with 1997, however, when capacity was severely hit after a tunnel fire in November 1996. The tunnel operator has been losing money since it first published its accounts in 1987. In January, lender banks agreed to reschedule payments on some £15 billion in debt.

The results led Patrick Ponsolle, executive chairman of Eurotunnel, to say that the British-French company could become profitable earlier than its 2004 target "if the turnaround continues at the same pace."

Mr. Ponsolle said efforts were being made to develop replacement sources of revenue for the loss of duty-free sales next June. Those sales account for the bulk of Eurotunnel's retail sales, which were not disclosed separately.

Eurotunnel units, consisting of one share in Eurotunnel SA and one in its British sister company, Eurotunnel PLC, closed unchanged at 9.40 francs (86.2 cents) in Paris. In London, shares ended at 53 pence, down 0.5. (Reuters, Bloomberg)

Investor's Europe



Source: Telekurs

International Herald Tribune

Very briefly:

- Iberia Express SA will announce Tuesday its choice of either Boeing Co. or Airbus Industrie aircraft to replace aging planes used for long-haul routes. It is expected to order between four and seven planes valued at as much as \$1 billion.

- VA Technologie AG, Austria's largest engineering company, bought the transmission and distribution unit of Rolls-Royce PLC for about 2.7 billion schillings (\$228 million) in a bid to become market leader in power transmission and distribution.

- Ford Motor Co. will put its biggest British plant on a four-day week because of falling export orders. The Thursday and Friday day shifts at Ford's plant in Dagenham near London will not produce cars for six weeks beginning Oct. 1.

- Rhone-Poulenc SA, France's biggest drugmaker, will buy back 3 million of its own shares in a move analysts said is designed to bolster its stock price.

- Italy's economy grew a less-than-expected 0.4 percent in the second quarter, the government said, after new car incentives were scaled back and inventories fell in the single currency region's slowest-growing economy.

- Eureko BV, a Netherlands-based holding company for a European alliance of financial services companies, is selling its U.S. and Canadian businesses in order to develop its European operations.

- Kingfisher PLC, a British retailer that owns the Woolworth chain, will offer to buy Britain's leading video publisher, VCI PLC, for £46.8 million (\$78.5 million) in cash.

- Independent Newspapers PLC, Ireland's No. 1 newspaper publisher, sold its French outdoor advertising company, Sirocco SA, to More Group for 495 million francs (\$87.4 million).

Bloomberg, AFP

Philips and EMI Set Stage for Gloomy Reports

Compiled by Our Staff From Dispatches

Philips NV said Monday its 1998 profit would fall short of forecasts, sending both its shares and the Amsterdam Stock Exchange blue-chip index plunging to their lowest levels this year.

Meanwhile, EMI PLC's shares fell as much as 15 percent after Britain's largest music company warned that "significant" problems in its major markets would push first-half operating profit down about 20 percent.

Philips, Europe's largest consumer-electronics maker, said that while full-year profit from operations in 1998 would be about the same as last year, third-quarter earnings would show a "significant decline" compared with 1997.

Philips blamed the weak profit

outlook on a significantly larger-than-expected loss from its consumer-communications joint venture with Lucent Technologies Inc. It said its margins in the semiconductor business would also be "somewhat lower" in the third quarter.

The company also said it would buy back about 8 percent of its shares by the end of the year and that it expected the sale of PolyGram NV, of which it owns 75 percent, to be completed by late October or early November for "a very large extraordinary gain."

In 1997, the company booked net profit from ordinary operations, excluding PolyGram, of 2.71 billion guilders (\$1.65 billion).

Philips' shares closed at 82 guilders, down 17. The Amsterdam index finished the day at 902.62.

EMI blamed its profit warning on the continued weakness in Southeast Asian markets and severe financial troubles in Brazil, the most important music market in Latin America. It also said European markets had been "disappointing" and that its operating profit in the six months ending Sept. 30 would trail the £112.6 million (\$189 million) it made in the like period last year.

The statement, EMI's second warning of lower profit this year, comes after slumping Asian markets pushed fiscal 1998 earnings lower. It also follows EMI's failure in May to secure a takeover offer from Canada's Seagram Co. Its shares have fallen 36 percent since the takeover discussions ended.

"We know this would be a tough year for the music industry worldwide," said Simon Duffy, finance director and joint deputy chairman, in a conference call. "It's turning out to be much tougher and volatile than people anticipated."

EMI expects Asian sales to fall 15 percent in the first half and Latin American sales to drop 6 percent. Sales in Germany, France and Britain will be "about flat," Mr. Duffy said.

In the United States, first-half sales will rise 9 percent, beating the company's expectations, Mr. Duffy said. However, he expects U.S. sales to fall 9.5 percent.

EMI blamed its profit warning on growth to slow to between 5 percent and 6 percent for the full year.

EMI's shares closed in London at 355 pence, down 41, or 10.4 percent.

In other earnings-related news:

• Alcatel SA, seeking to lessen damage done by its warning last week that profit would not meet forecasts this year, said its board approved a plan to buy back as many as 10 percent of its shares.

Alcatel's stock plummeted 38 percent Thursday, wiping \$11 billion off its market value, after it said it would fall short of full-year profit estimates because slowing demand in Europe was compounding the effect of economic turmoil in Asia and Russia. Its stock fell 45 francs Monday to close at 510 (\$89.81).

• Bertelsmann AG, Europe's largest media company, confirmed that its book clubs had been hurt by slowing sales and that weak demand in Japan had cut sales in its music division.

A spokesman declined to comment on a report that Bertelsmann's fiscal 1998 operating profit, excluding one-time items, fell 16 percent to 1.3 billion Deutsche marks (\$770 million) because of problems at the two units. The company plans to release the fiscal 1998 earnings statement on Sept. 29. Bertelsmann's shares closed in Frankfurt at 221 DM, down 5. (Reuters, Bloomberg)

Bundesbank Investigates Spy Report

International Herald Tribune

FRANKFURT — The Bundesbank said Monday it had launched an internal investigation into reports that a British-paid spy had conveyed sensitive Bundesbank secrets for 12 years to Britain's MI6 secret service.

According to a report in London's Sunday Times, the agent was a German citizen who worked under the

code name "Orcada" and held a senior post at the bank.

"Orcada" informed his contacts about Germany's negotiating position in the talks on the 1991 Maastricht treaty on European union, the newspaper said.

A spokesman of the Bundesbank's Frankfurt headquarters said it was too early to know whether there was any substance to the report.

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WORLD STOCK MARKETS

International Herald Tribune

Monday, Sept. 21
Daily prices in local currencies.
Telekurs

Amsterdam AEX Index: 982.62
Previous: 982.57

Frankfurt DAX: 4,042.00
Previous: 4,042.05

Johannesburg All Meritex: 1,051.62
Previous: 1,051.44

Montreal Industrie Index: 2,013.16
Previous: 2,012.24

Oslo OSEK Index: 444.49
Previous: 444.32

Singapore Straits Times: 2,981.53
Previous: 2,972.53

Bangkok SET Index: 224.88
Previous: 224.85

Helsinki HEX General Index: 1,979.51
Previous: 1,979.44

Kuala Lumpur Composite Index: 2,784.22
Previous: 2,783.22

London FTSE 100: 4,976.50
Previous: 4,975.49

Taipei Taiwan Stock Exchange: 1,000.72
Previous: 1,000.72

Brussels BEL 20: 3,002.65
Previous: 3,002.65

Copenhagen Stock Index: 224.65
Previous: 224.65

Monday, Sept. 21
Daily prices in local currencies.
Telekurs

Denmark DAX: 420
Previous: 420

Finland Helsinki Composite: 2,784.22
Previous: 2,783.22

Germany DAX: 4,042.00
Previous: 4,042.05

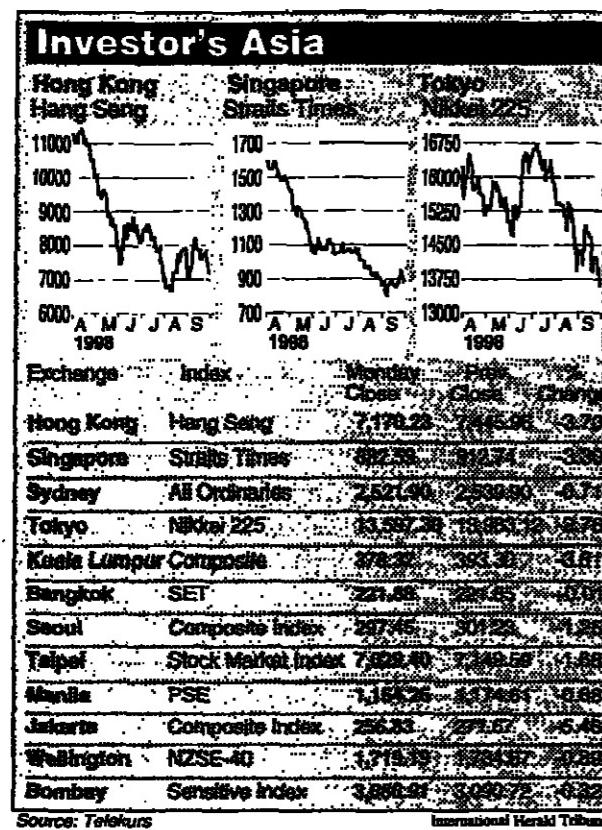
South Africa All Meritex: 1,051.62
Previous: 1,051.44

Ireland ISEQ: 1,710.15
Previous: 1,710.15

Malta Maltex: 1,752.00
Previous: 1,752.00

Netherlands All Meritex: 1,051.62
Previous: 1,051.44

Norway Oslo Bors: 420
Previous: 420

**Very briefly:**

• Samsung Motors Inc., Daewoo Motor Co. and Hyundai Motor Co. submitted tenders for Kia Motors Corp. and another Kia unit, Asia Motors Corp., in the second round of an auction of the failed carmaker, officials said.

• Glaxo Wellcome PLC decided not to invest in Young Jin Pharmaceutical Co., South Korea's eighth-largest drug company, although it said it was considering marketing alliances.

• Bangkok Bank PCL, Siam Commercial Bank PCL, Thai Farmers Bank PCL and Bank of Ayudhya PCL are planning to cut salaries by 20 percent to help the banks cope with Thailand's financial crisis, The Nation newspaper reported.

• Singapore's National Internet Advisory Committee called for ratings on Internet sites registered in the island state as part of an effort to block or discourage access to pornography.

• Garuda Indonesia, the Indonesian national airline, achieved 200 billion rupiah (\$17.9 million) in cost savings between June and August as part of a restructuring program.

• China Telecom (H.K.) Ltd. said it might appoint a securities company to organize an early sale of the company's "locked-up" shares owned by 12 corporate investors who hold about 9.9 percent of the company's stock.

• Singapore Telecommunications Ltd.'s shares fell 3.9 percent to 2.67 Singapore dollars (\$1.55), after the former phone monopoly's international calling traffic fell 6.5 percent in August from a year earlier, to 18.48 million calls.

• Singapore's non-oil domestic exports rose 5 percent in August, to 7.75 billion dollars, the Trade Development Board said. The rise reversed a contraction of 2.3 percent in July, which was preceded by an increase of 6.1 percent in June.

• Hong Kong's consumer prices rose 2.7 percent in August from a year earlier, down from a 3.2 percent reading in July; it was the lowest 12-month inflation level since October 1981.

• ING Real Estate, a unit of ING Group, formed a joint venture with Singapore's government-owned Pidemco Land Ltd. to manage money invested in Southeast Asian real estate.

AFP, AP, Reuters, Bloomberg

China Readies Price Rules for Commodities

Bloomberg News

BEIJING — China is preparing price controls for many commodities in an effort to protect domestic companies' profits, company and state officials said Monday.

The plans, still being worked on by the Economic and Trade Commission, aim to reduce rampant "unfair competition" and price wars, the Xinhua press agency reported. Commodity prices have fallen worldwide as the spreading financial crisis has curbed demand.

An official at the information department of the commission said the government was still studying which industries would introduce "self-disciplined" prices and when.

Beijing's efforts to tighten con-

trol over the economy comes after the profits of industrial companies tumbled 43 percent during the first half of the year, according to the state statistics bureau.

Prices of many basic commodities continue to drop as producers struggle to find buyers. Prices of steel products, one of the main commodities targeted by the controls, fell in August by as much as 3 percent from the previous month.

In the case of steel, the Metallurgical Bureau and the Development Planning Commission intend to release new rules that prevent companies from selling products below cost, the China Metallurgical News reported.

The policy will include setting up

an "anti-unfair competition office" to supervise the industry and release average production cost data from time to time. Those found to be undercutting the market will be punished, the paper said.

To be sure, some companies' officials doubt that the government's measures will have much impact.

"The metallurgical industry already has such a policy," said Zu Xuechao, director of the planning department at Baoshan Iron & Steel Corp., the biggest steel company in China. "But it's useless."

Baoshan is merging with two other steelmakers in Shanghai in a government effort to raise efficiency in the industry.

Xinhua quoted Chen Bangzhu,

vice minister of the State Economic and Trade Commission, as saying that "price wars" among companies were cutting profits and becoming a drain on taxes and state properties. Mr. Chen listed sugar, cashmere, engineering machinery and soda ash among the industries in which companies are engaged in "unfair competition."

Many of those engaged in price wars are state-owned companies; their practices threaten to overturn three years of government efforts to pull such enterprises "from the mind of loss-making," Xinhua said. As a consequence, the government ordered manufacturers to cut output of products in oversupply, Xinhua said, without giving details.

The country's 18 banks have been ordered to present the scale of their bad-loan status," the official said.

The purchase will be made through the state-run Korea Asset Management Corp. with the aim of "quickening bank reforms and boosting their capital adequacy ratios," a corporation official said.

The official declined to disclose the total amount of bad loans in the debt-stricken financial sector. But other finance officials put it at more than 100 trillion won.

The government has pledged 4.53 trillion won to support the merger of Hanil Bank and Commercial Bank of Korea, in addition to 16 trillion won spent earlier to write off bad loans of other banks.

Newspapers said the government would buy bad loans at 40 percent to 50 percent of their face value. The government has issued bonds to raise restructuring funds.

Seoul is pursuing a major clean-up of the debt-laden financial sector under a \$60 billion rescue plan led by the International Monetary Fund.

■ **Seoul Bank Draws Bidders**

As many as seven foreign banks may bid for control of Seoul Bank, one of two banks the government is selling in a test of the nation's ability to find buyers for its ailing financial institutions, Bloomberg News reported from Seoul.

Executives at Seoul Bank and at Morgan Stanley Dean Witter & Co., which is managing the sale, declined to comment on a report by Korea Economic Daily that named ABN AMRO of the Netherlands as one of the bidders.

Three foreign retail banks and four foreign investment banks "have shown the most interest" in taking over Seoul Bank, said Ko Myoung Il, a Seoul Bank spokesman. Seoul Bank shares jumped after the report, closing up 155 won, or 12 percent, at 1,480.

Morgan Stanley will hold presentations for investors next week, and an auction is scheduled to be held in mid-October. The government is planning to complete the sale of its 93.7 percent stake in the bank by the end of the year.

South Korea To Write Off Commercial Bank Loans

Agence France-Presse

SEOUL — The government plans a massive write-off of commercial banks' bad loans this month to try to speed financial reform efforts, officials said Monday.

The plan to write off almost 24 trillion won (\$17.32 billion) will be disclosed before Friday, when the government's Financial Supervisory Committee finishes assessing assets and liabilities of five liquidated banks, a committee official said.

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PAL Unions Call for Tan to Leave Top Post

Compiled by Our Staff From Dispatches

MANILA — Two unions at Philippine Airlines Inc. want to oust the chairman, Lucio Tan, and have the government take over the struggling carrier, union officials said Monday.

"Two days before the scheduled grounding of the debt-ridden 57-year-old airline, unions representing flight attendants and pilots said that workers were willing to take pay cuts and help the government fund new investors.

The Philippine Daily Inquirer newspaper reported Monday that

Mr. Tan, media-savvy tobacco tycoon, was willing to surrender free if it assumed the company's debt.

So far, the government — which is expecting to post a budget deficit of 40 billion pesos (\$910 million) this year — has ruled out a bailout.

President Joseph Estrada, who unsuccessfully tried to broker a deal between Mr. Tan and the unions, has warned that the closing of the airline would hurt the economy.

(Bloomberg, AFP, Reuters)

YEN: In Tokyo, Irritation Over the 'Scapegoating' of Japan

Continued from Page 13

be hailed as visionaries who saw the crisis coming and tried to galvanize international action. But they do bridle at the suggestion that they are part of the problem rather than the solution, and that Japan is the culprit in the Asian crisis.

"That is a wrong perception," said Kaoru Yosano, minister for international trade and industry. "Sure, Japan has lots of political problems. But Japan has contributed more than any country in the world to the Asian countries hit by the crisis since Thailand, and we intend to continue those contributions."

Mr. Yosano noted that Japan has contributed \$43 billion to rescue packages in Asia, compared with \$12 billion from the United States and \$7 billion from Europe.

"Japan is not paralyzed," he added. "It would be an interesting year if it were true, but it's not."

For all their frustration, Japanese officials still go out of their way to try to pacify U.S. demands. Late last week, for example, leaders of the governing and opposition parties stayed up all night working frantically to cobble together a frail agreement on stabilizing the banking system, all so that Mr. Obuchi would have the deal in place by the time he met Mr. Clinton.

The simmering resentments in Tokyo may grow with the summit, since one of its purposes seems to be to give Mr. Clinton a chance to drum into Mr. Obuchi the importance of

rapid action to revive Japan's economy. Yuji Tsuchiya, a prominent member of Parliament from the governing Liberal Democratic Party, warned that if Americans continued to complain about Japan, then there could be a serious backlash.

American officials respond that while they would prefer not to give offense, the world is at an extremely delicate juncture and requires dramatic action from Japan to stimulate its economy.

Some American officials say that one reason why Washington has often made tough statements is the feeling that pressure to the point of rudeness is the only mechanism that has ever worked in Japan.

Early last year, for example, the United States fairly politely urged Japan not to raise its national consumption tax. Japan raised it anyway, and fell into its worst recession in half a century — threatening the global economy.

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Kansallis House, Place de l'Étoile,
BP. 2174, L-1021 Luxembourg
RC Luxembourg B 34036

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Fidelity Funds ("the Fund") will be held at the registered office of the Fund in Luxembourg on Thursday 1st October 1998 at noon local time to consider the following agenda:

1. Presentation of the Report of the Board of Directors for the year ended 30th April 1998
2. Presentation of the Report of the Auditors for the year ended 30th April 1998
3. Approval of the balance sheet and income statement for the financial year ended 30th April 1998
4. Discharge of the Board of Directors
5. Election of eight (8) Directors, specifically the re-election of the following eight (8) present Directors: Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Jean Hamilus, Glen R. Moreno, Helmut Frans van den Hoven, Dr. David J. Saul, Sir Charles A. Fraser, and Fidelity Investments Luxembourg S.A.
6. Approval of the payment of Directors' fees for the period ended 30th April 1998
7. Approval of an increase in Director's fees paid 1st May 1998 to 30th April 1999
8. Election of the Auditors, specifically the election of PricewaterhouseCoopers, Luxembourg
9. Approval of the payment of dividends for the year ended 30th April 1998 and authorisation to the Board of Directors to declare further dividends in respect of the financial year ended 30th April 1998 if necessary to enable the Fund to qualify for distributor status under United Kingdom and Irish tax laws
10. Consideration of such other business as may properly come before the meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of funds by US persons or of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to attend and vote at the meeting or may appoint another person to attend and vote. Such proxy need not be a shareholder of the Fund.

Holders of Registered Shares may vote by proxy by returning to the registered office of the Fund the form of registered shareholder proxy sent to them.

Holders of Bearer Shares who wish to attend the Annual General Meeting or vote at the Meeting by proxy should contact the Fund, or one of the following institutions:

in Luxembourg

Fidelity Investments Luxembourg S.A.
Kansallis House
Place de l'Étoile, B.P. 2174
L-1021 LUXEMBOURG

Bankers Trust Luxembourg S.A.
14, bd. F.D. Roosevelt
L-2450 LUXEMBOURG

in the United Kingdom

Fidelity Investments International
Oakhill House
130 Toxteth Road
Hilbornbridge
KENT TN11 9DZ

Ocio Finanz A/S
P.O. Box 1543 Vika
N-0117 OSLO

in Ireland

Bradwell Limited
41-45 St. Stephen's Green
DUBLIN 2

Svenska Handelsbanken
Blasieholmsgatan 12
10670 STOCKHOLM

To be valid, proxies must reach the registered office of the Fund on the 28th September, 1998 at 11.00 (Luxembourg time) at the latest.

Dated: 28th July 1998
By Order of the Board of Directors

Fidelity Investments

For further information please contact:
1998 Annual Meetings ■ Program of Seminars
IMF—World Bank Group
Washington, D.C. 20431 U.S.A.
Telephone: [1] (202) 473-3394 ■ Facsimile: [1] (202) 623-4100
Email: seminars@worldbank.org
Website: www.worldbank.org

JAPAN: Pact Unraveling

Continued from Page 1

The banking agreement is supposed to forge a sweeping plan that ranges from a framework for rescuing the nation's very large, very weak banks to limiting the power of the once mighty Finance Ministry.

The central dispute Monday concerned whether an existing 13 trillion-yen (\$98.4 billion) public fund to rescue weak banks — a fund that Mr. Obuchi promised to dissolve — would still be used to rescue failing banks. Since the government had agreed to abolish the old system, which opponents charged was used to dish out political favors, many people had assumed that the old ways would no longer be used.

But now Mr. Obuchi's aides are saying that they may use the old fund anyway. These officials say that this is necessary to prevent any disruption in

Monday's 4 P.M. Close

The 2,400 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.

The Associated Press

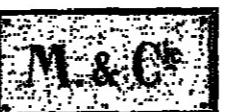
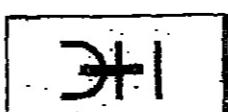
NYSE

12 Month Stock	Div Yld		PE		S5		High Low		Stock		Div Yld		PE		S5		High Low		Stock		Div Yld		PE		S5		High Low		Stock					
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Continued on Page 18

“Suppose you met a banker who took the time to talk with you?”

In this fast-changing world, Geneva's Private Bankers still believe that the prime task of a bank is to serve its clients... effectively. And face to face. Technological progress, in our view, is above all a means of gaining time – time we can devote to our clients. For we define progress as being ever closer, ever more responsive to those who place their trust in us, wherever they may be. Which, indeed, is why we are bankers – Private Bankers.



GENEVA'S PRIVATE BANKERS

LIBERTY : INDEPENDENCE : RESPONSIBILITY

IN GENEVA:

BORDIER & Cie
(1844)

DARIER HENTSCH & Cie
(1796)

LOMBARD ODIER & Cie
(1798)

MIRABAUD & Cie
(1819)

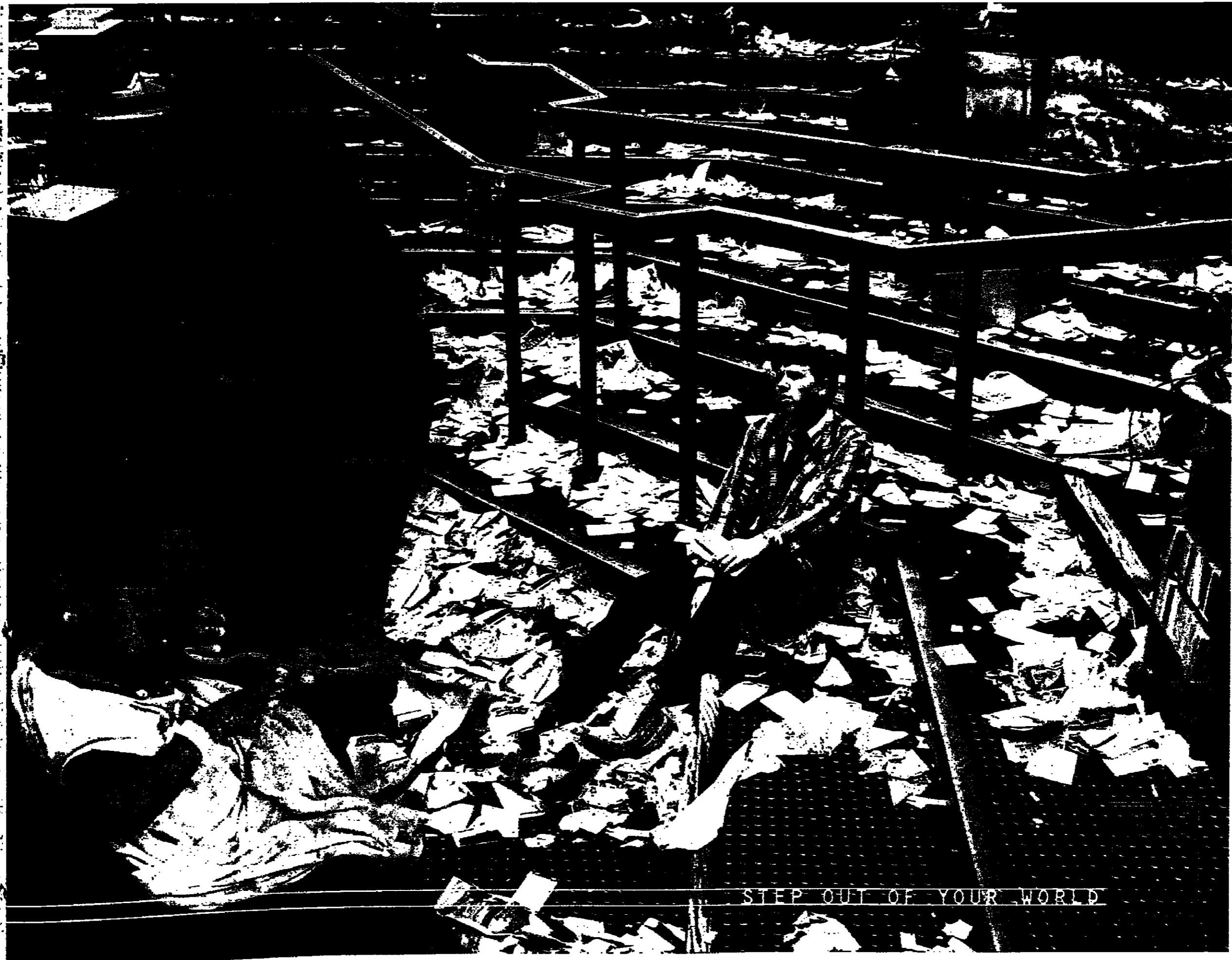
PICTET & Cie
(1805)

Monday's 4 P.M.

The 1,000 most traded National Market securities
in terms of dollar value updated twice a year.
The Associated Press.

12 Month High Price	12 Month Low Price	Stock Symbol	Div Yield	P/E Ratio	High Price	Low Price	Last Close
100.00	80.00	AOL	0.00	15.00	100.00	80.00	95.00
100.00	80.00	AMZN	0.00	15.00	100.00	80.00	95.00
100.00	80.00	AVGO	0.00	15.00	100.00	80.00	95.00
100.00	80.00	BIDU	0.00	15.00	100.00	80.00	95.00
100.00	80.00	CSCO	0.00	15.00	100.00	80.00	95.00
100.00	80.00	DELL	0.00	15.00	100.00	80.00	95.00
100.00	80.00	INTC	0.00	15.00	100.00	80.00	95.00
100.00	80.00	MSFT	0.00	15.00	100.00	80.00	95.00
100.00	80.00	NASDAQ	0.00	15.00	100.00	80.00	95.00
100.00	80.00	SYMC	0.00	15.00	100.00	80.00	95.00
100.00	80.00	TMUS	0.00	15.00	100.00	80.00	95.00
100.00	80.00	UTX	0.00	15.00	100.00	80.00	95.00
100.00	80.00	YHOO	0.00	15.00	100.00	80.00	95.00
100.00	80.00	ZS	0.00	15.00	100.00	80.00	95.00

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100.00	80.00	MSFT	0.00	15.00	100.00	80.00	95.00
100.00	80.00	NASDAQ	0.00	15.00	100.00	80.00	95.00
100.00	80.00	SYMC	0.00	15.00	100.00	80.00	95.00
100.00	80.00	TMUS	0.00	15.00	100.00	80.00	95.00
100.00	80.00	UTX	0.00	15.00	100.00	80.00	95.00
100.00	80.00	YHOO	0.00	15.00	100.00	80.00	95.00
100.00	80.00	ZS	0.00	15.00	100.00	80.00	95.00



INTERNATIONAL INVESTING

Taking Investor Anxiety Out of Emerging Markets

At OPIC, U.S. Taxpayer Takes on the Risk

By Leslie Wayne
New York Times Service

NEW YORK — As gyrations in emerging markets from Asia to Latin America to Russia cause sleepless nights for many investors, one group of politically connected and well-heeled financiers with big bets in these shaky regions can sleep better, thanks to the American taxpayer.

These people are among the investors who have poured \$3.2 billion into emerging-market funds sponsored by Overseas Private Investment Corp., a government agency that mixes private capital with government guarantees to promote U.S. foreign policy goals.

OPIC has invested in 140 developing economies, from relatively obscure locales such as Moldova and Botswana to nations at the center of today's global turmoil. No matter where it goes, though, OPIC has used the promise of eye-popping returns and the protection of government guarantees to attract American investors to far-flung spots.

As capitalism has spread, so has the program. With direct foreign-aid dollars dropping in the last few years, OPIC's investment funds have become a leading tool in U.S. efforts to get fresh capital quickly to emerging democracies.

When President Bill Clinton took office, there were just two OPIC funds, one in Africa and one in Asia, with combined capital of \$100 million. Today, an assembly line of OPIC funds is churning in Washington. At last count, the number had risen to 26, with roughly two-thirds of the money coming from government-guaranteed notes and the rest from institutional equity investors. By year's end, the OPIC program is expected to swell to \$4 billion.

The funds buy stakes in emerging-market businesses. They are structured so that private investors — typically large corporations and pension funds — can invest with limited exposure to risk but can, if their investments work out as expected, reap enormous gains. On the other hand, should every investment in

all 26 OPIC funds fail, taxpayers would be on the hook for \$3.3 billion in interest and principal on the notes.

OPIC has spread its largesse to many people with government ties; the ranks of the funds' managers include former campaign contributors and former government officials.

But a growing chorus of critics say OPIC funds often replicate what many in the private sector are already doing — without government protection — and encourage excessive risks at taxpayer peril.

And to the frustration of many, OPIC runs its fund program almost exclusively behind closed doors, seeing no need to make financial details about the funds public, even though it is a government agency.

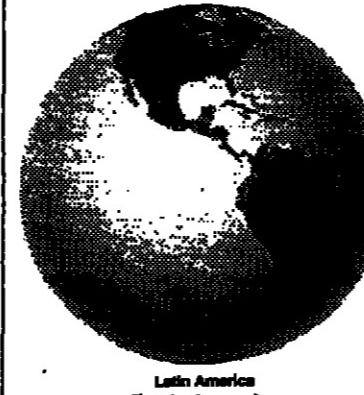
"OPIC is gambling in Las Vegas with someone else's money," said James Sheehan, a researcher at the Competitive Enterprise Institute, an economic research group in Washington. "This is a subsidy for risk-taking. If these investment funds were based on the financial merits of the investments, you would not need subsidies to make them happen."

OPIC's point of view is that it is highly charged and proud of it. The whole point of the program — which is modeled on successful venture funds such as K Kohlberg, Kravis, Roberts & Co. — is to encourage investors to go where they otherwise fear to tread and to stimulate economic development on unfamiliar turf.

"OPIC is trying to induce investors to do things they are not willing to do on their own," said Robert Stillman, a private investor who until April headed the OPIC investment-fund program. "If investors are not willing to put money into Eastern Europe, we will make it attractive. We're encouraging capitalism where the U.S. has a foreign-policy interest and getting investors comfortable with these places."

OPIC funds are closed-end limited partnerships intended to build on private-sector market discipline and capital. Each fund has slightly different

Venture Capital Funds, Backed by the Treasury



Latin America

Total funds committed
\$340 million



Africa

Total funds committed
\$440 million

The investment funds of the Overseas Private Investment Corp. have become a favorite foreign policy tool of the Clinton administration. A total of \$3.2 billion has been raised for the program, which mixes private equity with government-guaranteed debt. The premise is that emerging democracies can be aided by long-term capital investment from America.



India and Asia

Total funds committed
\$420 million



Europe and Russia

Total funds committed
\$1.66 billion

Amount committed, in millions

*1997 - - -

Amount committed, in millions

**1997 - - -

Amount committed, in millions

***1997 - - -

Amount committed, in millions

****1997 - - -

Amount committed, in millions

*****1997 - - -

Herald Tribune INTERNATIONAL SPORTS

TUESDAY, SEPTEMBER 22, 1988

WORLD ROUNDUP

Court Won't Lift Ban on Johnson

TRACK AND FIELD An appeals court on Monday dismissed the sprinter Ben Johnson's bid to lift his lifetime ban, shooting down his hopes of competing again.

The ban was imposed after a meet in 1983, when Johnson tested positive a second time for using a banned steroid. He had been suspended for two years after testing positive for steroids at the Seoul Olympics in 1988, when he was stripped of his gold medal and a 100-meter world record of 9.79 seconds.

A three-judge panel of Ontario's appeals court rejected Johnson's bid for reinstatement, ruling that a lower court was correct last summer when it upheld the lifetime ban imposed by the International Amateur Athletics Federation.

Johnson's agent and manager, Morris Chirokotek, said Johnson would try to take his case to Canada's Supreme Court if he lost the appeal in Ontario. Johnson, 36, trains almost full-time in hopes of becoming eligible to race again. He says the ban is unfair.

"I'm a human being, allowed to make a living," he said recently. "This is my job."

(AP)

Jimenez Wins 16th Stage

CYCLING Jose Maria Jimenez of Spain and the Banesto team won the 16th stage of the Tour de France on Monday, his fourth victory in the 22-leg cycling marathon.

Banesto teamwork also successfully defended the overall leadership position held by another Spaniard, Abraham Olano, who has worn the yellow jersey since he won the 9th-stage time trial.

Jimenez covered the 143.7-kilometer (89-mile) run in northern Spain in 3 hours, 28 minutes and 12 seconds, coming in .33 seconds ahead of his closest rivals. This year's most successful rider in the Tour's mountain stages, Jimenez launched his final attack just a few kilometers from the finishing line. Olano, meanwhile, said that the last climb "was very difficult."

No. 2 Laurent Jalabert of France and the ONCE-Deutsche Bank team cut Olano's overall lead by 13 seconds to 22 seconds.

(AP)

Ripken Ends Streak, Sitting Out No. 2,633*I Think It's Time, He Says After 16 Years*

By Richard Justice
Washington Post Service

BALTIMORE — What once seemed unthinkable became reality for the Baltimore Orioles when Cal Ripken removed himself from the starting lineup, thus ending one of the most remarkable — and perhaps untouchable — achievements in the history of professional sports.

Until Sunday night, Ripken had started and played in 2,632 consecutive games for the Orioles. It was streak that began May 30, 1982, and established him as one of the toughest and most resourceful athletes ever.

While baseball players routinely switch from team to team and league to league, Ripken, who turned 38 last month, has been the image of consistency. He has played his entire 17-year major league career a few miles south of his hometown of Aberdeen, Maryland.

Ripken said he decided to end the streak himself after conversations with his wife, Kelly, his parents and a few close friends. The Orioles' manager, Ray Miller, had penciled him into the lineup against the New York Yankees for what would have been his 2,633rd consecutive game, but shortly after batting practice, Ripken approached Miller and said, "I think it's time."

After the game, Ripken said he ended the streak for the good of the team and chose the last home game of the season to do it — and added that he has no plans to retire.

"The emphasis should be on the team," Ripken said. "There have been times during the streak when the emphasis was on the streak. I was never comfortable with that."

"So that's what a day off feels like," he said jokingly after a 5-4 Orioles loss. "Now that I know what it feels like to take a day off, I don't want to play many games. I tried to do what others do. But I was antsy. I was fidgety."

He said he planned to return to the starting lineup on Monday night in Toronto, but was open to the possibility of taking some days off next season.

The streak almost ended several times when Ripken suffered injuries to his back, knee or ankle. But each time, he made it back on the field.

— Although his respectable statistics this season — a .273 batting average with 14 home runs and 61 runs batted in — he is no longer a dominant performer.

Ripken broke Gehrig's record three

years ago this month, igniting an emotional celebration that helped baseball begin to rebuild itself after a disastrous labor dispute forced cancellation of the 1994 World Series.

That rebuilding strengthened this summer as Mark McGwire and Sammy Sosa shattered the single-season record for home runs. But it began with Ripken, who has amazed teammates and opponents because he was so meticulous about his conditioning and diet, thorough in his preparation and astoundingly methodical in his approach to withstanding baseball's 162-game yearly grind.

Miller inserted a rookie, Ryan Minor, 24, perhaps the brightest star of the team's minor league system, at third base. Still, many of the 48,013 fans at Oriole Park at Camden Yards seemed unaware Ripken was not playing until after the game started.

After New York's Chuck Knoblauch made the first out of the game, the Yankees went to the top of the visitors' dugout and began to applaud Ripken, who was sitting in the Orioles' dugout. Ripken tipped his hat to the Yankees, and fans throughout the stadium stood and applauded him.

"We wanted to do something for him," said the Yankees' catcher, Joe Girardi. "What he has done is absolutely amazing, and we owed it to him."

Ripken acknowledged the cheers,

several times motioning for the Orioles' pitcher, Doug Johns, to get on with the game. Once play began, Ripken autographed balls in the dugout. Later, he went to the Orioles' bullpen to visit with teammates and chat with fans.

"It's just what a day off feels like," he said jokingly after a 5-4 Orioles loss.

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He said he planned to return to the starting lineup on Monday night in Toronto, but was open to the possibility of taking some days off next season.

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"We wanted to do something for him," said the Yankees' catcher, Joe Girardi. "What he has done is absolutely amazing, and we owed it to him."

Ripken acknowledged the cheers,

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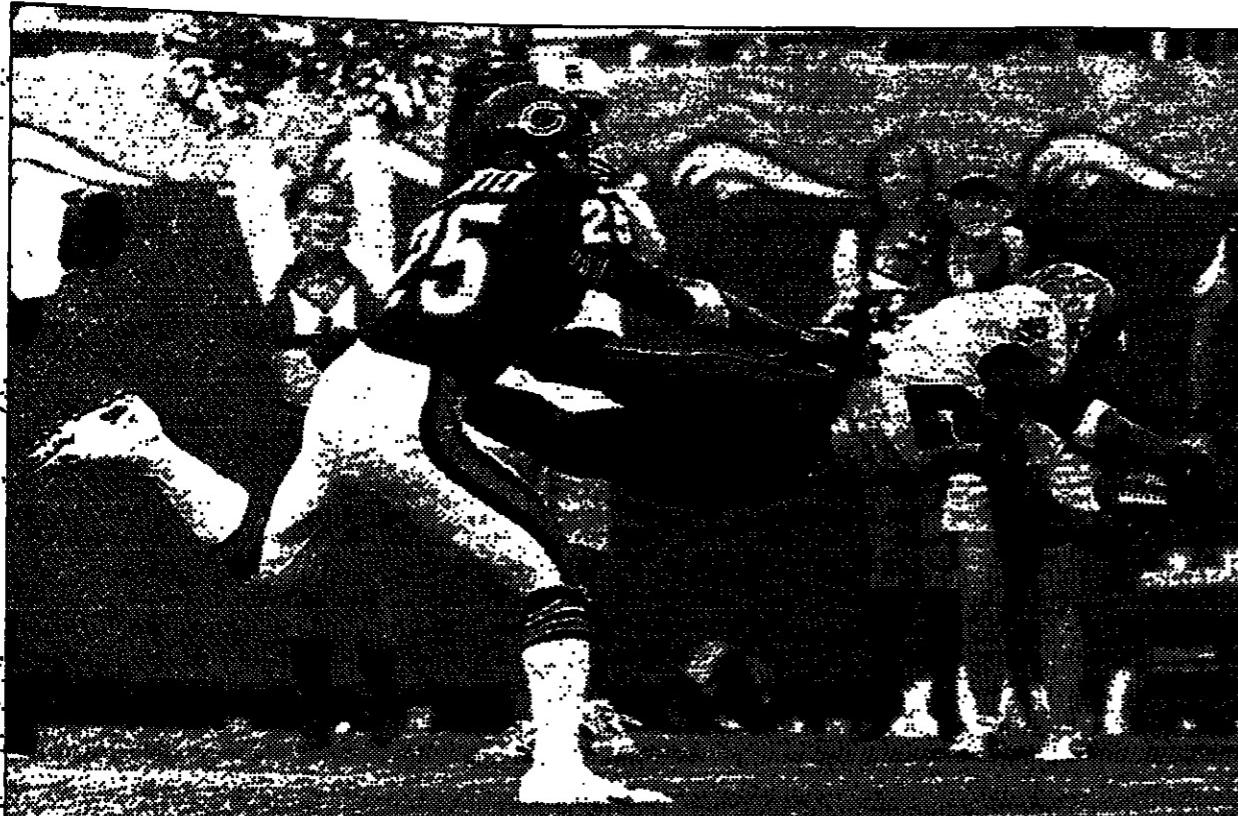
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SPORTS



Warrick Dunn of Tampa Bay diving into the end zone as the Bucs downed the Chicago Bears, 27-15.

Dolphins Dominate Steelers, 21-0

By Thomas George
New York Times Service

MIAMI — This game was billed as a slugfest, two teams that had barely been able to throw the ball and loved to run it. So on its first two offensive plays, Miami hurled bombs. Both fell incomplete. Pittsburgh, on its first two offensive plays, tossed a short pass and then a deep one. One gained 2 yards and the other was incomplete.

Oh, well. Back to basics. Back to the rugged running game and to punishing defense, the way it was supposed to be. And once the nitty-gritty was under way on Sunday, Pittsburgh, surprisingly, was not up to the challenge.

It fell behind by 7-0 with 5 minutes 12 seconds left in the first half after allowing an 11-play, 64-yard drive that consumed a little more than 7 minutes.

With 2:39 left before halftime, Pittsburgh allowed another score that was set up when the Miami defense intercepted a pass and returned it to the Steelers' 24. And then with 8:06 left in the third quarter, Miami returned an interception 17 yards for a touchdown.

That was it, 21-0, with an aggressive, attacking, physical and dominating game for the Dolphins that was absolute embarrassment for Pittsburgh — before 73,948 fans at Pro Player Stadium. Miami is 3-0; Pittsburgh is 2-1.

There was simply no Steelers production. It rained for most of the second half, but well before that the Pittsburgh offense was all wet.

It started with quarterback Kordell Stewart. He was miserable in the first half (4 of 15 passing for 3 yards) and finished 11 of 35 for 82 yards with a sack and three interceptions. Jerome Bettis carried 13 times for only 48 yards. The receiver Charles Johnson caught two passes for 40 yards.

A great defense? Words seldom spoken around here. But maybe Miami finally has one.

The Associated Press reported: Vikings 29, Lions 6 Minnesota held Barry Sanders to 12 yards on 13 carries after halftime and forced three turnovers, including two by the rookie ag-

quarterback Charlie Batch. Gary Anderson kicked five field goals for the host Vikings, whose offense sputtered near the end zone with Randall Cunningham replacing injured Brad Johnson at quarterback.

Chiefs 22, Chargers 7 Ryan Leaf, hospitalized earlier in the week with flu symptoms, committed five turnovers in his first seven possessions and completed only one of 15 passes for four yards as San Diego was routed by host Kansas City. Leaf, the first rookie quarterback since John Elway in 1983 to start his career 2-0, had three fumbles

and two interceptions on a rainy and chilly day.

Bills 34, Bills 33 Tony Banks, stopped 34 yards from the end zone on the final play against Minnesota last week, scored on a 2-yard run with 4:29 remaining to kill the Raiders' comeback attempt.

Jaguars 24, Ravens 10 Fred Taylor, who came off the bench to replace an injured James Stewart, rushed for 128 yards and a touchdown and made nine catches for 85 yards to lead Jacksonville over visiting Baltimore.

Mark Brunell, who struggled through two mediocre games to open the season, threw for 376 yards and two touchdowns as the Jaguars (3-0) improved to 5-0 against the Ravens (1-2).

Cardinals 17, Eagles 3 Jake Plummer

threw a 7-yard scoring pass to Johnny McWilliams with 7:19 left in the game, and host Phoenix scored all of its points in the fourth quarter against winless Philadelphia.

Adrian Murrell, who gained 145 yards in 22 carries, ran 25 yards for an insurance touchdown with 1:52 to play as the Cardinals (1-2) avoided their fourth 0-3 start in the last seven years.

In games that appeared in late editions Monday:

Packers 13, Bengals 6 In Cincinnati, the Packers improved to 3-0 for the second time in three years even though their offense struggled without a consistent running game. Brett Favre threw a touchdown pass, extending his streak to 17 consecutive games with at least one, and Ryan Longwell remained perfect in six field goal attempts this season.

Jets 44, Colts 6 Vinny Testaverde threw four TD passes, Leon Johnson scored three times and Curtis Martin rushed for 144 yards to give the Jets their first victory of the season.

The Colts' quarterback Peyton Manning, the league's top overall draft pick, completed 20 of 44 passes for 193 yards and was intercepted twice as the Colts fell to 0-3.

The Raiders (1-2) seemingly had the Broncos (3-0) on the ropes but were hurt by their penchant for penalties and critical mistakes by Jeff George, who was intercepted twice by Crockett and once by Romanowski after John Elway ag-

gravated a hamstring injury and left the game in the second quarter.

Crockett returned his second interception 80 yards for a touchdown with 4:29 remaining to kill the Raiders' comeback attempt.

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When Steinbauer's putt fell at No. 16, she was mobbed by teammates, many of them emotionally spent after three days of pressure golf. The United States took a 10½-5½ lead into Sunday's final 12 singles matches, but Europe stormed back, winning the first four matches.

But Pepper, Kelly Robbins and Rosie Jones delivered key victories, putting Steinbauer in position for the clincher.

The fierce competition ended with Meg Mallon of the United States conceding the final hole to Sophie Gustafson after both players hit approach shots to the 18th green, ending their match in a tie.

For another two years, the United States will retain the cup. And for another two years, until the sixth Solheim Cup is played in Europe in 2000, the United States can savor a victory that did

Lumps for Manning, Father and Son

By Steve Popper
New York Times Service

EAST RUTHERFORD, New Jersey — Peyton Manning and his father, Archie, stood in a tunnel leading out of Giants Stadium and spoke quietly for a few minutes. Peyton wiped a towel across his face between words and when enough was said, he left with a hug from his father. Quietly, Archie implored him. "Head up."

The father knows what the son is going through. Archie Manning walked off the field with the same blank expression many times during his 14 National Football League seasons. He could tell Peyton about the expectations and the disappointments. And he could tell him that there would be days like this.

The third game of what promises to be a tough learning experience for Peyton Manning and the Indianapolis Colts was a humiliating 44-6 rout by the New York Jets on Sunday. While Manning was hardly to blame for the defeat, he did little to stop it, either, learning on the job and only able to look enviously at the other side of the field, where he saw the Jets laughing and celebrating. Archie Manning has been there.

"I could probably say it now," Archie Manning said. "Before the season, even if I thought there were going to be days like this, I didn't want to bring it up, because don't bring something up and hopefully it won't happen. But now it's happened, and you just say, 'Yeah, these type of days here, you've got to pick yourself up.'"

Archie Manning, the No. 2 pick in the 1971 draft, endured a career in which his teams reached .500 only once. He began his career by scoring the game-winning touchdown on the final play to beat the Los Angeles Rams. Maybe it never got much better than that, but he answered the questions on that first day.

For Peyton, the first overall pick in this year's draft, the questions will come from within and from around him in three successive losses, he has thrown eight interceptions and been sacked six times.

Sacks were not an official statistic when his father played, but it is safe to say that Archie took a beating in New Orleans. And just like Archie, Peyton has no time to stand on the sideline with a headset and a clipboard and team the game.

"If I thought that it would help, I would do it. I really would," the Colts' coach, Jim Mora, said of not starting Manning. "If I thought that would help him or our football team, I would do it."

"But I don't think it would. I think the best thing for Peyton is to play, and I'm even more convinced of that now than I was last week after the game."

"I believe that the best thing for his development and his progress and our football team's progress is for him to go out there and play and suffer the adversity and make his mistakes and do the good things and learn from it, because he's the type of guy that will learn from it."

"I don't believe that it will destroy his confidence and put him in the tank

emotionally, where he won't be able to respond."

"He's our best quarterback, so I don't want to stick him on the bench."

Peyton Manning agreed. "It's not fun, nor much fun at all," he said. "You're not going to accept losing, and you never want to get used to losing."

"But we have 13 games left. All we can do is learn from it. I have the same goals every week: that's just to win the game, no matter how I play or my numbers, do whatever it takes to win. When you lose, as the quarterback, you can do is keep working."

As the score quickly grew out of reach Sunday, the Colts stayed with their game plan, taking what the Jets would give them. Manning threw quick slants and short dump-offs, finishing the game 20 of 44 for 193 yards with two interceptions; he resisted the urge to try to score the day by himself. Those lessons come from Mora.

The lessons relayed in his brief post-game meeting with his father, and those that pass between father and son in telephone calls during the week, are not steeped in technical advice or football speak.

"I tell him to learn from it, study film hard, try to correct some mistakes, and keep going," Archie Manning said. "It's just learning."

I've been there. I feel like I can really relate. But you've got to understand, we don't have a relationship where after every game I've got to go to tell him something. He's got coaches."

U.S. Women Golfers Retain Solheim Cup

By Clifton Brown
New York Times Service

DUBLIN, Ohio — Disappointed in their performance, desperate for points and angry at Dottie Pepper, Europe's players had ample motivation for the final round of the Solheim Cup.

Not surprisingly, Europe mounted a comeback. But when the day ended, Pepper was still unbeaten, Europe was still disappointed and the United States still had the cup.

Ending an emotional weekend that featured great golf as well as some episodes that should only increase the intensity of this biannual rivalry, the United States retained the cup Sunday with a 16-12 victory at Muirfield Village Golf Club. Sherri Steinhauer won the match that gave the United States the 14 points it needed to retain the cup, making a birdie on the 15th hole to insure that she was at least tied for her match. She then made a 6-foot birdie putt at the par-4 No. 16 to defeat Carrie Matthew, 3 and 2.

When Steinhauer's putt fell at No. 16, she was mobbed by teammates, many of them emotionally spent after three days of pressure golf. The United States took a 10½-5½ lead into Sunday's final 12 singles matches, but Europe stormed back, winning the first four matches.

But Pepper, Kelly Robbins and Rosie Jones delivered key victories, putting Steinhauer in position for the clincher. The fierce competition ended with Meg Mallon of the United States conceding the final hole to Sophie Gustafson after both players hit approach shots to the 18th green, ending their match in a tie.

At that point, Pepper picked up her ball and hugged Inkster, knowing they had probably secured at least a half-point. Then de Lorenzi's chip rolled 15 feet past the hole and Alfredsson missed her putt for par, giving Inkster and Pepper a dramatic victory. Pepper waved her arms to the gallery, urging them to cheer louder.

Although Pepper did not wave her arms to the crowd until the match was over, several Europeans were angered.

"That was unprofessional, unnecessary, and it spurred us on," Davies said.

"It was a big mistake."

Asked about the European players' anger, Pepper was undaunted. "I took it as a compliment," said Pepper, who raised her Solheim Cup record to 12-4.

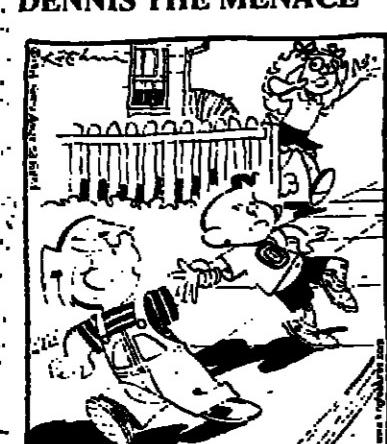
1. "If they had to come up with somebody they needed to rally around, I'm glad it's me."

Asked if she had crossed the line of sportsmanship, Pepper said: "Not once. Emotion is part of this game."

Some of Europe's players felt that their desperate situation, trailing by 5 points going into the final day, was more inspiring than Pepper. "They were killing us," said Neumann, who defeated Brandie Burton on Sunday, 1 up. "I think everybody had had it. We said, 'Let's go out and play some golf. This is ridiculous.'"



Dottie Pepper showing off the Solheim Cup, after U.S. beat Europe in the match-play contest.

DENNIS THE MENACE**PEANUTS****CALVIN AND HOBBES****JUMBLE**

Unscramble the word game. Use each letter only once.

Rowe, evake, emark, enwake, evelt.

Answer here: A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Answer here: A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

GARFIELD

Would you like to go on a nature hike?

WIZARD OF ID

Couldn't we get flowered wallpaper instead?

DOONESBURY

Are those men down there with the highway department?

DOONESBURY

I don't think so!

BEETLE BAILEY

What are you doing?

NON SEQUITUR

Sarge said he'd whack me if I didn't get moving.

DOONESBURY

Today is the first day of fall, Diane!

BLONDIE

Because I'm the most honest politician in the world.

NON SEQUITUR

Well, you're moving okay, but you're not accomplishing anything!

DOONESBURY

Only if you can put it in a context relevant to my life.

International Association of Business Communicators
European Conference, October 1-3, Brussels

sponsored by **SAS**

For more information contact:
ABC in Belgium
Tel: (32 2) 774 91 11
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ART BUCHWALD

New York? Capital Idea

NEW YORK—As reported in The New York Times, I have unilaterally moved the nation's capital to New York City from Washington. My decision has been made to run the entire government from Manhattan.

The reason for this is that Washington was just not working for those of us who were looking for honest government, strict morality and soft money.

Manhattan appealed to me when I discovered that there is more money here than in Bill Gates's back yard. Washington, from a tax standpoint, was sitting on trillions of dollars, but it couldn't be spent unless Congress voted on all of it.

Manhattan, on the other hand, is jammed with brokers and investment bankers who can do anything they want to with people's money, and



Buchwald

Monet, Sisley Works Stolen in Nice

NICE—Two armed men wearing black masks made off on Monday with two Impressionist paintings from a museum in Nice after they had taken the curator of the museum hostage.

The incident began about 7 A.M. when the thieves showed up at the home in Nice of Jean Forneris, the curator of the Fine Arts Museum of Nice.

The robbers took Forneris hostage and drove him to the museum, where they bound and gagged the caretaker and another employee and locked the three men in the museum library.

The museum alarm was turned off because the caretaker was on duty.

The two thieves then stole an 1897 painting by Claude Monet called "The Cliffs of Dieppe" and one by Alfred Sisley dating from 1890 named "The Alley of the Poplars."

They drove off in the car belonging to the curator.

Both paintings belong to the French state. They are widely known and would be difficult to sell, Forneris said.

The police in Nice are investigating.

whenever the stock market falls more than 500 points it is called a "correction."

What makes Manhattan a fine place for the nation's capital is its real estate. Everyone in New York takes pride in the land—not just the size of the foyer, but also the recreation room.

I don't wish to knock Washington as a place to live, but I would hate for my daughter to work there as an intern. I would also hate to have my daughter's girlfriend work next to her, and I would hate for my son to be a Secret Service man in front of a routine cholesterol test in 1991.

The start of chemotherapy in 1994 had been a point of no return, an acknowledgment that Said was entering what he calls a final phase. The start of the memoir was the opposite, a going back, an effort to rescue from oblivion a time and places that had all but disappeared.

Writing "is like the inverse of my illness," he said in an interview. "It's like a mirror, but from which all the actual images have been effaced. There is nothing in the book about it. And I found that very salutary, having something like that to go back to."

Said, 62, is a man of many dimensions. He is one of the most important literary critics alive, a professor of English and comparative literature at Columbia, the author of 15 books, a music critic, a scholar of opera, a pianist, a father of two grown children and arguably the most eloquent spokesman for the Palestinian cause in the West.

His 1978 book, "Orientalism," revolutionized the study of the Middle East and has been argued over bitterly for years.

At the same time, Said has done as much as anyone to raise the profile of the Palestinian cause in American intellectual life. He writes frequently on the subject. He was a member of the Palestinian National Council until 1991 and recently made a film about the Pal-



Edward Said, who teaches English at Columbia University, was diagnosed with leukemia in 1991.

estinians for the BBC. He is a relentless critic of Israeli policy on the Palestinians of U.S. foreign policy in the Middle East, and, in the last few years, of Yasser Arafat and the Oslo accords.

In the eyes of admirers, Said is brilliant, charismatic, passionate,

friendly, erudite, engaged. To those who dislike him, he is polemical, extremist, conspiratorial, irresponsible, anti-American. In 1985 his

office was set on fire.

"He has a very unconventional brain," said Daniel Barenboim, the Israeli pianist and conductor, who has known Said since 1992 and considers him a close friend. "I think he has great intellectual courage."

On a day off from treatment, Said's face looked drawn. In the

BBC film, which he wrote and narrated, pneumonia had weakened his voice. Yet Said rises at 5 A.M.

to work in the New York apartment where he lives with his wife, Mariam Cortas Said. He travels frequently and has multiple books scheduled for publication next year: a collection of lectures on opera; his political columns, published twice monthly in the Arabic newspaper Al Hayat, and his memoir, titled, with some resonance, "Not Quite Right."

"I've decided that it's better to live with a sword of Damocles hanging over you," he said, when asked how long he might live—he prefers not to know. "You can, by an act of will, not think about it. That was, I think, the major victory that I won. I don't think about death."

It was a statement in 1969 by the late former Israeli prime minister Golda Meir — "There are no Palestinians" — that set Said and others "the slightly preposterous chal-

lenge of disproving her," he said earlier this year in a lecture at the New York Public Library. "Inevitably, this led me to reconsider the notions of writing and language," he recalled. "What concerned me now was how a subject was constituted, how a language could be formed — writing as a construction of realities that served one or another purpose instrumentally."

Remembering a revelation that

would shape much of his work, he said, "This was the world of power and representations, a world that came into being as a series of decisions made by writers, politicians, philosophers to accommodate one reality and at the same time efface others."

The first product of that thinking

was "The Arab Portrayed," an es-

say Said published in 1968. The

subject, the manipulation of the in-

age of the Arab in journalism and in some scholarship, was an unusual and hardly fashionable one for a young academic at a major U.S. university to take up. In that article can be found the seeds of "Orientalism," published 10 years later, in which Said examined the ways in which the power, scholarship and imagination of the 200-year-old Orientalist tradition in Europe and the United States had viewed the Middle East, Arabs and Islam.

Nearly a dozen books by Said have followed, including "The Question of Palestine," his case history of the struggle between Palestinian Arabs and the Zionist movement, and "Covering Islam," a critique of how the media and experts shape Western views of Muslims, Islam and the rest of the world.

"He's had as much impact as any scholar in the humanities in the recent decades on American and Western scholarship, more broadly," said Timothy Mitchell, a professor of politics and Middle Eastern studies and director of the Kervorkian Center for Near Eastern Studies at New York University.

Rashid Khalidi, a professor of Middle East history at the University of Chicago, said, "He has done this in spite of the fact that one of the central things he stands for is viewed with suspicion and deep anxiety and apprehension by an important segment of the intellectual community — the idea of Palestinian self-determination and what that implies for Israel and Zionism."

And his impact on that question?

"Realistically speaking, none," said Eyal Aharoni, a Pakistani historian. "The refugees are still refugees. Israel is still expanding. Palestinians are still losing land. And, in fact, the PLO has thrown in the towel."

And how does that leave him feeling? Said was asked.

"Well, disappointed," he said. "But I feel a sort of renewed inscrutability. In a certain way, I feel it becomes more important to harp on these questions."



MORE HONORS — The British actor Sir Anthony Hopkins receiving an award for lifetime achievement at the San Sebastian, Spain, film festival.

IN anticipation of Seiji Ozawa's 25th anniversary as music director of the Boston Symphony Orchestra and the orchestra's 118th season, subscribers were asked what music they would most like the maestro to conduct again. The answer: Beethoven's Ninth. Not only will the symphony open the season on Wednesday, it also will be performed by Ozawa and the orchestra again Sunday in a free concert on the Boston Common.

When Garth Brooks' show on Oct. 6 in Minneapolis sold out in 11 minutes, eight more shows were added to accommodate the country singer's fans. A total of 159,000 people bought tickets for the nine shows, from Oct. 6 to 14.

In published excerpts, Walt Disney Co.'s chief, Michael Eisner, says the departures of Jeffrey Katzenberg and Michael Ovitz were good for the company. In Eisner's new book, "Work in Progress," he writes that Ovitz was more interested in making big deals than fo-

cusing on the company's interests. Ovitz was Disney's No. 2 executive at the time. Katzenberg, who ran Disney's studio operations, left after a dispute with Eisner after the death of Disney's president, Frank Wells. Katzenberg wanted to be president, but Eisner refused.

One of Helen Mirren's pivotal co-stars in the Royal National Theatre's new staging of Shakespeare's "Antony and Cleopatra" will get his chance in the spotlight after all. Cedric, a California King snake, slithered off two weeks ago rather than participate in the climactic scene in which Mirren commits suicide by pressing a snake to her bosom to administer a fatal bite. But the snake reappeared and was caught in the theater's costume room. Now Cedric is back in his box, ready for the play's opening Oct. 20. The play also stars Alan Rickman.

The American pop singer Madonna plans to send her daughter, Lourdes, now 2 years old, to Cheltenham Ladies'

College, one of Britain's most prestigious private boarding schools, the Express on Sunday newspaper reported.

Jackie Chan, the Hong Kong action film star, is asking the Taiwanese leg-

islam to pass the nation's first animal protection law, one that would ban the killing of stray dogs. "This treatment of dogs goes against everything that an advanced, human nation like Taiwan represents," Chan wrote in a letter to the legislature.

Venice Hails the Magic Spell of Casanova

New York Times Service

VENICE — As everybody knows, love's magic spell is everywhere, and these days it is notably potent in Venice, where the 200th anniversary of the death of that immortal libertine, aristocrat and adventurer Giovanni Giacomo Casanova de Seingalt has inspired an exhibition at Ca' Rezzonico, the Museum of the 18th century in Venice.

The show, "The World of Giacomo Casanova: A Venetian in Europe, 1725-1798," which will run through Jan. 10, attempts to evoke the spirit and style of his time.

It is divided into themes suggested by Casanova's life: Europe and its great cities, 18th-century Venice, European courts, science and alchemy, theater, gambling and, of course, seduction. Paintings by artists of the day, including Watteau, Boucher, Fragonard and the Venetian masters Canaletto, Longhi and Guardi, illustrate these themes. In addition, jewelry, furnishings and documents illuminate the era.



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